DOCUMENT RESUME

ED 079 871 EA 005 384

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TITLE New Goals, New Paths. The Search for a Rationale for the Financing of Education in Canada, Parts I and II. CTF Project on Education Finance: Final Report.
INSTITUTION Canadian Teachers' Federation, Ottawa (Ontario).
REPORT NO CTF-C-73307
PUB DATE Jun 73
NOTE 175p.
AVAILABLE FROM Canadian Teachers' Federation, 110 Argyle Avenue, Ottawa, Ontario, Canada K2P 1B4 ($3.00)

EDRS PRICE MF-$0.65 HC-$6.58
DESCRIPTORS Educational Change; Educational Demand; *Educational Economics; *Educational Finance; Educational Needs; Educational Objectives; Educational Planning; Individual Needs; Public Education; *Resource Allocations; School Taxes; Tax Allocation
IDENTIFIERS *Canada; *Efficiency (Education); *Equity (Education)

ABSTRACT

This document begins with a section that discusses the demand for education and the identification of the broad characteristics of an educational system that would fulfill the needs and aspirations of the individual and satisfy the requirements of society. It outlines the history of the crisis in educational finance, discusses the problem of determining the needs of the individual and society, and considers the new values in society. Individual section chapters consider the determination of performance goals, the synthesis of social and individual goals, structural or systems goals, and operational goals. The first section concludes with an examination of the attitudes toward various structures for education and the decisionmaking process in education. The second section of the document identifies and examines the principles underlying the procedures and mechanisms for satisfying the educational demand in general, and the means of exploring alternative ways of restructuring educational finance to better achieve the ideals previously identified. The conflict between decentralization and centralization in the financing of education is discussed, and the case for public support of education is considered. The authors examine the equity and efficiency principles of taxation, tax coordination, and redistribution; and the document concludes by examining trends and future directions of school spending, revenue sources, and change strategies. (Author/DN)

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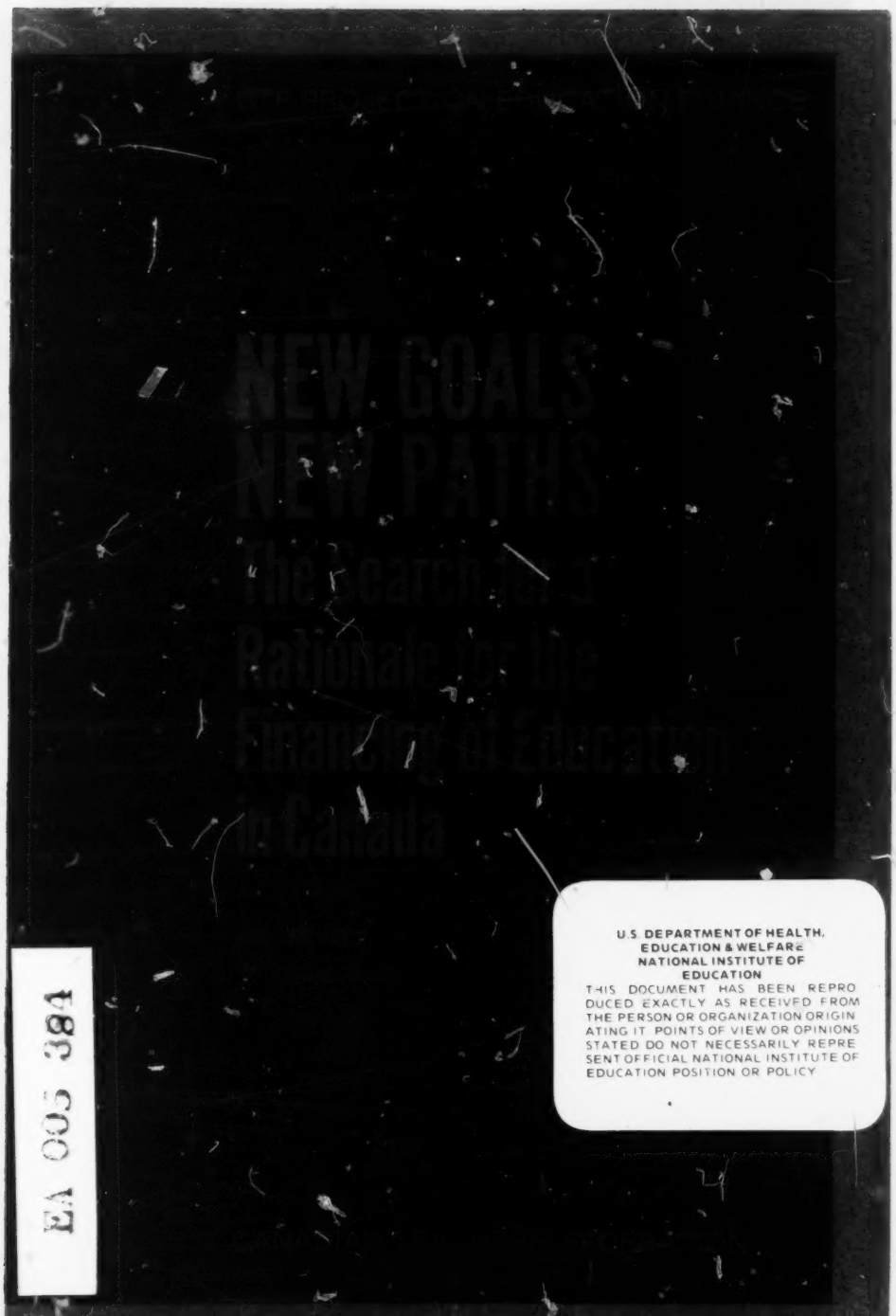

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NEW GOALS, NEW PATHS

THE SEARCH FOR A RATIONALE FOR THE FINANCING OF EDUCATION IN CANADA

PART I

CHANGING PHILOSOPHIES AND THEIR IMPLICATIONS

H.P. MOFFATT

PART II

RESTRUCTURING THE FINANCING OF EDUCATION TO MEET EMERGING NEEDS

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June 1973

PREFACE

Early in 1970, the Canadian Teachers' Federation became concerned with the crisis situation in the financing of education in Canada. Their concern was for the restrictions on educational development and the decreases in the quality of educational services resulting from the financial stringency prevalent in all provinces. More significantly, they were concerned that no overall and coordinated approach was being made toward the resolution of the problem. The reaction of the affected groups -- teachers, school boards, and parent-teacher associations -- was either one of desperation, "You can't do this to us", or, even worse, of resignation: "It had to come"; "The boom couldn't last"; "We had our dreams, didn't we?"

The Canadian Teachers' Federation was not content with this type of reaction. It came to the conclusion that there is a need to develop a rationale for the public financing of education. This rationale could not be based on the "hit or miss", "take what we can get while the getting is good," approach that in part had led up to the present crisis. What was proposed, rather, was a search for first principles within the fabric of contemporary

Canadian society. It was suggested that definitions be sought of certain basic concepts generally held in this country and at this time. From the interaction of these, within the observed limitation of physical and practical factors, would arise the key issues. From the same interchange would emerge the principles which should be applied in resolving the key issues. On these principles, in turn, education finance theory and the design of institutions and practices, should rest.

The hope was that a study taking this approach might produce a coherent and generally acceptable statement of the needs and demands, on the one hand, and of the nature of available resources, on the other hand. Brought together in the final stages of the inquiry these would provide the basis for the eventual statement of rationale.

The following basic concepts were seen by CTF to be essential components of the study:

a) the rights of the individual -- the prevailing ideal in this country at this time of what society should be prepared to concede to the needs and demands of the individual both in terms of his material needs (vocational competence, etc.), and his emotional and spiritual needs (self-realization, sources for leisure, etc.)

b) the requirements of society -- the prevailing concept of what society might properly require of the education system, and of the individual for whom society provides educational facilities (appropriate vocational preparation, contribution to productivity, social and civic education, etc.)

c) concepts of financing the prevailing interpretation of the scope of public financial responsibility -- the question of what goods should be provided by the public purse and which should be a matter for private purchase

d) sources of funds -- the accepted concept of the kind of resources on which governments might properly draw. (It was felt that some methods of obtaining revenue are

considered legitimate as long as the amounts demanded do not become excessive, or the distribution of the burden clearly unfair, whereas other methods might be considered outrageous in themselves. These are the limits of tolerance within which designers of tax systems must work, but they may be wider than the commonly accepted limits of taxation theory.)

Having accepted this broad approach as the one best suited to get out of the "immediate action -- immediate reaction" syndrome, the CTF Annual General Meeting authorized its Education Finance Committee to proceed with the study. The initial procedure was to have basic position papers prepared by competent authorities on the four main topics. In February 1971 the position papers were examined by an enlarged Committee, which determined the key issues to receive continued attention throughout the project. These issues were divided into two groups, those dealing with the demand for educational services and those dealing with the availability of resources. The first set of issues, those concentrating on the demand side, were then discussed at a seminar held in Montreal in May 1971. This seminar, attended by key persons representing various levels of the educational structure, ranged over the whole area of educational needs and structures. The discussions of the seminar were analyzed by the Committee and CTF staff and published in a report entitled New Wine, New Bottles: The 1971 Seminar on Education Finance.

After further analysis of the seminar results, the Committee identified four main areas in which action was required. These were as follows:

1. Educational institutions must be capable of flexible response to student needs.
2. The benefits of education must be made more accessible to those in society who suffer disadvantage.
3. Education and the world of work must draw closer together.

4. Educational institutions must become more closely a part of their surrounding community (local, provincial, national and international).

The financial implications of these trends and demands identified at the May 1971 seminar were discussed, along with the general problem of types and sources of funds, at the seminar held in Ottawa in May, 1972. The seminar also heard presentations from representatives of provincial departments of education and school boards on the financial problems facing them. While the emphasis in this second seminar was to be on modes of financing, it became evident that major concern still rested with questions of how to reshape the educational process to better meet individual and societal needs and, in fact, much of the discussion turned on these questions.

Early in the course of the CTF Project Dr. H.P. Moffatt, retired Deputy Minister of Education in Nova Scotia and at present a Research Associate of Dalhousie University, was asked to serve as consultant to the project. His particular assignment was to combine the background papers and the deliberations of the seminars into a report which would indicate the extent to which there is a consensus about educational trends in Canada and the implications of these trends for the structuring of education finance systems. This report was prepared by Dr. Moffatt, under the advice of the CTF Education Finance Committee and is presented as Part I of the study, dealing with Changing Philosophies and Their Implications.

Dr. Moffatt's report deals principally with the needs and goals of present-day Canadian society and their implications for education. In other words, it deals with the "demand side" of the education finance question. The second part of the study deals with the "supply side" and is concerned with problems of taxation sources, centralization vs. decentralization, allocation, distribution and efficiency. It presents various alternatives for reshaping education finance to achieve the goals for education now accepted in Canadian society. This report was prepared by Wilfred

J. Brown, a member of the staff of the Canadian Teachers' Federation. It is presented as Part II of the study and is entitled Restructuring the Financing of Education to Meet Emerging Needs.

Norman Goble, Secretary-General of CTF, has prepared a short epilogue, entitled What Price Utopia?, which considers the results of the project and the nature of the dilemmas facing decision-makers.

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PART I

CHANGING PHILOSOPHIES AND THEIR IMPLICATIONS

H.P. MOFFATT

CHAPTER ONE

HISTORY AND BACKGROUND OF THE CRISIS IN EDUCATION FINANCE

In working out a solution to a problem it is profitable to examine the forces and trends that led up to it. Any solution must be based on an understanding of these trends and forces and of the extent to which they are still in operation. This chapter outlines the development of the ideal of comprehensive education which, together with the heavily increased enrolments of the fifties and sixties, helped create the "crisis" in education finance with which the seventies began. This chapter also traces trends in educational expenditures, compares predictions of future costs and summarizes briefly recent government and public reaction to increases in expenditure levels.

The Development of Comprehensive Education

The concept that education should be provided for all students, and in the amount and quality necessary to liberate and develop the full potential of each student, appears now in virtually every public statement or document on education. It is accepted as readily by the provincial finance minister who is apologizing for making severe cuts in the appropriation for

education as by the most sincere superintendent making a plea to his school board for compensatory education.

This general concept, adopted first in North America, and now spreading over the world, at least as the paper goal for the change or development of educational systems, is itself an outgrowth of a variety of forces. The first of these is the revolution in education thought which first appeared at the beginning of the 20th century. Dr. C.E. Phillips in his book The Development of Education in Canada has noted that as early as 1905, under the influence of the theories of the European liberals, from Rousseau through Pestalozzi and Froebel, courses of study in Canada were emphasizing education for and not merely of the child.[1] In North America this idea was reinforced by the philosophy of John Dewey, whose general thesis is best expressed in this quotation from his last work, Experience and Education:

> To imposition from above is opposed expression and cultivation of individuality; to external discipline is opposed free activity; to learning from texts and teachers, learning through experience; to acquisition of isolated skills and techniques by drill, is opposed acquisition of them as means of attaining ends which make direct vital appeal; to preparation for a more or less remote future is opposed making the most of the opportunity of present life; to static aims and materials is opposed acquaintance with a changing world.[2]

The so-called "progressive" education reached its early peak among educational theorists, and to some extent in practice, in the late 1920's and early 1930's. Attempts to introduce it wholesale in the schools without adequate understanding of its real meaning, and without sufficient staff preparation, ran afoul

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[1]Charles E. Phillips, The Development of Education in Canada (Toronto: Gage, 1957), pp. 408-430.

[2]John Dewey. Experience and Education (New York: Macmillan, 1938).

of both public and teacher opinion; for example, there was the case of the province-wide prescription and almost immediate rejection of the "enterprise" plan in Alberta in the late 1930's. But the basic idea of progressive education persisted and, despite some severe attacks in the 1950's, particularly from right wing groups in the United States headed by Admiral Rickover and Robert Hutchins, it took on new life in the 1960's. In Canada its philosophy and practice were summed up in the Hall-Dennis report[3], a document prepared under the chairmanship of a layman, after long consultation with a broad cross-section of the public and the profession. Whatever the practice may have been, and in many cases still is, the revolution in educational thought emphasizing the importance of motivation and stressing the developmental purposes of education over the adaptive seems to be growing in force among educators and the public.

The second force was the linking of educational goals with the general goals of the society. "Relevance to life" was the key expression. The objectives of education were to be derived from an analysis of the activities of the individual in the adult world. The most important single document expressing this trend was the report of the Commission on Reorganizing Secondary Education in the United States, which was issued in 1918 under the title Cardinal Principles of Secondary Education.[4] The seven principles enunciated were health, command of the fundamental processes, worthy home membership, vocational competence, good citizenship, worthy use of leisure time, and ethical character.

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[3] Living and Learning, Report of the Provincial Committee on Aims and Objectives of Education in the Schools of Ontario (The Hall-Dennis Report), (Toronto: Newton Publishing Company, 1968), 221 p.

[4] National Education Association, Commission on Reorganizing Secondary Education, Cardinal Principles of Secondary Education (Washington: U.S. Office of Education, Bulletin, 1918, No.35), 32 p.

The report also sketched out the organization and the program of the comprehensive high school, which became the dominant institution in American education.

American developments had a strong influence on the Canadian scene through sheer proximity and because of the fact that in the twenties and thirties Canadian administrators, particularly in the west and in the Atlantic provinces, took their post-graduate studies in the United States. In the late 1920's and early 1930's most of the Canadian provinces reorganized their programs incorporating, on paper at least, the developmental character of instruction and the broad social character of the general school objectives then prevalent in the United States.

While the broad social objectives existed on paper, both in the United States and in Canada, and attempts were made by Bobbitt and others to break them down into specific behavioural objectives, the basic subject structure in the schools still remained. The result was the addition of a great number of new subjects to the old academic structure, particularly in the vocational and so-called practical fields. Domestic science became home economics; manual training became industrial arts. Commercial courses and some outright trade courses were offered in the larger high schools. Courses were introduced in economics, modern social problems, commercial geography, "general" academic subjects, the arts and so on. The cafeteria style of curriculum had emerged.

The third trend, associated with the second, was the growth of industrialization and technology. It first expressed itself in the demand for vocational courses at the secondary level. In Canada, the federal Technical Education Act of 1919 and the Vocational Schools Assistance Agreement of 1945 resulted in the building, mainly in the east, of technical or vocational high schools to complement the existing academic high schools.

Following the tremendous increase in industrialization and technology after the end of World War II, accentuated in the U.S. by the apparent superiority of the U.S.S.R. in space technology following the launching of "Sputnik", emphasis in part shifted to

an increase in the general level of education, particularly in mathematics and science, as a prerequisite to technical education at the post-secondary level. Concurrently, economists in various countries led by Vaizey of Great Britain, Shultz and Becker of the United States, and the Economic Council in Canada, lent support to the association of industrialization with education by establishing close links between education and economic growth.

The final push came from the Technical and Vocational Training Assistance Act of 1961, which poured over a billion dollars into the construction of institutions for vocational and technical training at the secondary, post-secondary and adult levels. Most provinces used the funds to enlarge their secondary vocational facilities and to integrate them with the academic programs in comprehensive high schools. Where separate vocational schools still existed, mainly in the Atlantic Provinces, a comprehensive system of integration with the general high schools was developed. The push was not only lateral but vertical. The boom market for scientific and technical skills pushed upward into the post-secondary level. Rightly or wrongly, completion of secondary education was prescribed as a virtual necessity for any type of job, and post-secondary education in a technical institute, college or university for any type of position above that of a skilled tradesman.

The combination of emphasis on individual development, equality of opportunity, the linking of education with the broad goals of society, the technological revolution, the association of education with economic growth, and the strengthened belief in education as the main force for social mobility was in itself enough to produce an educational explosion, since it resulted in diversified facilities and increased retention to higher levels of the system. These results were compounded on the demographic side by the post-war baby boom which reached the secondary schools in the early sixties and the post-secondary institutions in the middle and late sixties. We are all familiar with its results.

Trends and Predicted Trends in Expenditure Levels

Trends in Education Expenditures

For the past two years, newspapers and periodicals have been saturated with information and comments on the rising cost of education. Only a brief summary will be presented here to set the stage for the far more important analysis and examination of solutions.

Taking the mid fifties, when the enrolment began to accelerate, as the base, total educational expenditures in current dollars increased from $927 million in 1956-57 to $4,928 million in 1967-68, an increase of over 500 per cent. In the sixties, elementary enrolment increased by 27 per cent, secondary enrolment by 100 per cent and under-graduate enrolment by almost 200 per cent. Even more spectacular was the increase in graduate enrolment of over 400 per cent, from 7,000 to an estimated 33,000 full-time graduate students. Enrolment at community colleges increased from 12,000 to 150,000 full-time students, partly as the result of structural changes in post-secondary education. In terms of cost, in the ten-year period from 1961-62 to 1970-71, elementary and secondary expenditures increased by 300 per cent, while the expenditures for post-secondary education increased twice as fast, by 600 per cent.

These absolute increases represent a substantial improvement both in the participation rate and in the holding power of the schools. The participation rate in the 14-17 age group increased from 67 per cent to almost 92 per cent, and in the 18-24 age group from less than 10 per cent to over 20 per cent. At the same time, the retention rate (enrolment in grade 11 as a percentage of the grade 2 enrolment nine years earlier) increased from 50 per cent in 1960-61 to 71 per cent in 1967-68 and is still going up. While provincial differences still existed, during the sixties there was a noticeable tendency toward a decline in regional variation. Equality of opportunity in terms of access and retention was almost in sight.

Improvements in participation were accompanied by improvements in the quality of the professional input. A higher proportion of teachers held university degrees, more teachers held multiple certificates, and the average period of professional training of teachers increased from 1.8 years to 2.2 years. Staffing ratios in elementary schools declined from 28 to 27 and in the secondary schools from 21 to 17. Whether there was a corresponding increase in output is a question that will be considered later.

Increases in enrolment, participation rate, retention rate and professional input and the corresponding increases in cost are reflected in the proportion of government expenditures that have been devoted to education. In 1950, education costs comprised 10.7 per cent of all government costs. In 1967 the corresponding figure was 20.9 per cent. As a proportion of the Gross National Product, total educational costs took 2.5 per cent in 1950 and 6.6 per cent in 1967. By 1972, the proportion had risen to 8.5 per cent.[5]

Predicted Trends

Consultants for the CTF Education Finance Project have prepared projections of enrolment and cost for the next decade.[6] One set of projections is based on an extrapolation of trends existing up to the late sixties; the second is a more modest prediction based on a considerable slacking off of participation rates in post-secondary education, and the slowing down of the rates of increase in costs per student at all levels. These projections are shown in Tables 1 and 2.

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[5] M. Wisenthal, "... education costs are becoming excessive," pp. 27-39 in Canadian Education Association, Convention Proceedings 1972 (Toronto: the Association, 1972).

[6] Walter Hettich, Barry Lacombe and Max von Zur-Muehlen, Basic Goals and the Financing of Education (Ottawa: Canadian Teachers' Federation, 1972), 49 p.

The maximum projection shows that by 1980 the total cost of education in constant 1969 dollars might increase from $5,117 million in 1970-71 to $13,385 million in 1980-81. Elementary and secondary education would account for $2,427 million of the increase and post-secondary education for the remaining $5,841 million. In terms of percentage of GNP, the share of formal education costs would rise from 6.5 per cent to 11.2 per cent between 1970-71 and 1980-81. (These figures and percentages exclude the cost of adult training and retraining programs conducted by the federal and provincial governments.)

The more modest projection assumes a higher real growth of the GNP, somewhat lower participation rates for post-secondary education and increases in unit cost at all educational levels of about half those assumed in the maximum projection. The gross cost might rise only to $7,262 million and the percentage of educational cost of GNP might decline from 6.5 to 5.4 in 1980-81.

The main objective of the maximum extrapolation is to demonstrate that present trends could not continue unless society were prepared to reduce other areas of expenditure, such as health, welfare, defense, pollution control and transportation, in favour of education. These statistical projections serve mainly an illustrative purpose and should not be considered as actual predictions. One could speculate that actual expenditures would fall between the two alternative projections provided, with the minimum apparently more reasonable.

Increases in the Cost of Other Public Services

Educational expenditures by themselves might have produced a serious crisis in government finance by the late sixties. But their impact was compounded by escalating expenditures for other public services. Over the country as a whole the cost of the hospital insurance plan increased from $856 million in 1961 to $1,988 million in 1967. Federal payments to Medicare, beginning with $33 million in 1969, had expanded to $440 million in 1971. These expenditures had to be matched by the provinces from the general tax revenue or a combination of premiums and tax revenue.

Welfare expenditures of federal, provincial, and in some cases, local governments have similarly increased as the result of the adoption of the Canada Assistance Plan in 1966, and general increases in other types of security benefits. Supplementing the rises in health and welfare costs, a whole new group of government services which either did not exist at all, or which were minimal in size, have come into existence or expanded in the past decade. These include services to reduce regional disparities, such as D.R.E.E. and the Northern Development Plan, and services that have arisen as the result of urbanization and consumerism, such as public housing, urban transportation, pollution control, community planning, inner-city redevelopment, and the like. Undoubtedly the costs of these new services have had an effect on the capacity of all levels of government to pay for increasing costs of education.

The cumulative effect of all these rising expenditures, including those of education, was an increase in the percentage of GNP devoted to government services from 28.4 per cent in 1960 to 36.4 per cent in 1969. It is now nearly 40 per cent, exceeded in the western world only by Great Britain and Sweden.

Reactions to Increasing Government Expenditures

The initial reaction of public authorities, particularly at the provincial level, to the general rise in public expenditures was to assume greater control over expenditures in education. Educational expenditures took the largest share of the public purse -- over 20 per cent over-all, and up to 40 per cent of provincial expenditures and on the average 50 per cent of municipal expenditures. Benefits were less visible than admission to hospital, medical care and the welfare cheque. The public was and is more confused about the goals of education than about those of other public services that have a direct and immediate effect on personal welfare.

In elementary and secondary education, the controls were exercised in a variety of ways. New Brunswick, Prince Edward

Table 1. Projected Operating Expenditures for Full-Time Students in Constant 1969 Dollars

	Elementary & Secondary Enrolment (thousands)	Per Student Cost	Operating Expenditures (millions)	University Enrolment (thousands)	Per Student Cost	University Operating Expenditures (millions)	Community College Enrolment (thousands)	Per Student Cost	Community College Operating Expenditures (millions)
				Projection A					
1970-71	5,769	$ 614	$3,540	355	$3,780	$1,342	159	$1,728	$ 275
1973-74	5,736	731	4,193	470	4,762	2,238	216	2,177	470
1975-76	5,645	821	4,636	560	5,554	3,110	260	2,539	660
1977-78	5,543	923	5,115	645	6,478	4,178	299	2,961	886
1980-81	5,429	1,099	5,967	750	8,161	6,120	348	3,731	1,298
				Projection B*					
1970-71	5,769	614	3,542	381	3,780	1,439	204	1,728	352
1973-74	5,736	632	3,625	444	3,931	1,744	247	1,797	444
1975-76	5,645	651	3,675	490	4,088	2,002	280	1,869	523
1977-78	5,543	671	3,719	541	4,252	2,298	318	1,944	618
1980-81	5,429	691	3,751	619	4,422	2,737	383	2,022	774

*The "B" projections are based on full-time equivalent students by converting part-time students to full-time equivalent by ratio of 3.5 to 1, and 3.0 for graduate students.

Source: Walter Hettich, Barry Lacombe and Max von Zur-Muehlen, Basic Goals and the Financing of Education (Ottawa: Canadian Teachers' Federation, 1972), p. 11.

Table 2. Educational Operating Expenditures for Full-Time Equivalent Students in Relation to Gross National Product (constant 1969 dollars)

	Elementary & Secondary Percentage of GNP	Percentage of Total Expenditures	University Percentage of GNP	Percentage of Total Expenditures	Community College Percentage of GNP	Percentage of Total Expenditures	Total Educational Expenditure Percentage of GNP
				Projection A			
1970-71	4.3	66.2	1.8	27.4	0.4	6.4	6.5
1973-74	4.5	58.0	2.6	33.9	0.6	8.1	7.7
1975-76	4.5	52.3	3.3	38.4	0.8	9.3	8.7
1977-78	4.6	47.3	4.1	42.4	1.0	10.2	9.7
1980-81	4.7	41.7	5.3	47.0	1.3	11.3	11.2
				Projection B			
1970-71	4.3	66.4	1.8	27.0	.4	6.6	6.6
1973-74	3.8	62.3	1.8	30.0	.5	7.7	6.2
1975-76	3.5	59.3	1.9	32.3	.5	8.4	6.9
1977-78	3.2	56.1	2.0	34.6	.5	9.3	5.7
1980-81	2.8	51.7	2.0	37.7	.6	10.7	5.4

Source: Walter Hettich, Barry Lacombe and Max von Zur-Muehlen, Basic Goals and the Financing of Education (Ottawa: Canadian Teachers' Federation, 1972), p. 9.

Island, and to a large extent Quebec took the road of centralization with a province-wide salary scale for teachers and direct provincial control of school board budgets. Nova Scotia and Saskatchewan, with provincial Maryland-type foundation grant plans, modified these by legislation or administrative decrees to permit control of school board budgets by the department of education. In British Columbia and Alberta, which have unit grant foundation plans, statutory limits were placed on the power of school boards to increase their budgets over those of the preceding year. In these provinces, expenditures beyond the foundation program, above certain minimum limits, required approval by the municipal government, a ratepayers' plebiscite or some combination of the two. It is significant that in most cases the plebiscites have rejected the increased expenditures. Ontario's complex variable percentage grant plan was modified by placing absolute ceilings on the per pupil expenditures by school boards, and requiring school boards then spending above the ceilings to bring them down to the ceilings over a three-year period.

Throughout the country, consideration is being given to the introduction of planning, programming, budgeting systems, and in some cases action has been taken at both the provincial and local levels. Evaluation and accountability have become key words.

By 1970, attention began to focus on post-secondary expenditures, which were rising faster than those of any other public service. Responsibility had descended on the provinces, following the Fiscal Arrangements Act of 1967, which eliminated direct federal grants to universities, and substituted tax concession and equalization grants to the provinces for post-secondary education. At first, these federal tax transfers and the post-secondary equalization payments provided some tax relief for most provinces. This was soon eaten up by the rising costs, and direct net provincial expenditures for both operation and capital were becoming a severe burden. The collapse of the labour market for university graduates in 1970 and 1971 accentuated the latent

hostility of the public toward the ivory towers of the colleges and universities. In the post-secondary field, controls took the form of reductions, by university grants committees, of university budgets; freezing or restriction of capital expenditures; increases in tuition fees; and the reduction or abolition of research services, particularly in the social sciences and education. Xenophobia reared its ugly head in a demand for a reduction in the number of foreign or out-of-province students.

The existence of these controls and their very real effect in diminishing the power of the formal educational system to achieve the goals of equality of opportunity and full development of potential has brought forth a variety of counter-reactions. The so-called general public has apparently been apathetic. It has been suggested that those responsible for the political decisions for control would not have taken the risk of imposing them if they had not been instinctively sure that the public had lost interest in the schools. This is too simple an explanation.

Much of the public is still concerned about education, accepts the very real limitations that have grown from the forces that have already been described and is looking for a re-definition of goals, new structures, and new procedures. A cross-section of the concerned public expressed some of their ideas on these problems at the May 1971 conference held by the Canadian Teachers' Federation. Essentially, the concern of the public boils down to two main trends:

1. Pressure to expand the educational structure by linking it up with other educational forces and agencies in the community.
2. Pressure for alternatives to the monolithic structure of formal education.

The purpose of the remainder of this report is to examine the conflict between control and apathy on the one hand and the constructive forces now at work in society and in the profession.

CHAPTER TWO

DETERMINING THE NEEDS OF THE INDIVIDUAL AND OF SOCIETY

The basic structure of this portion of the study was to examine the needs of the individuals on the one hand, of society on the other, and to reconcile the two. To set the stage and provide discussion material, two basic position papers were commissioned, one on The Prevailing Concept of What Society May Require of the Educational System and of the Individuals for Whom Society Provides Educational Facilities, the other on What the Individual Expects of the School. They were written by the late Woodrow Lloyd, formerly Minister of Education and Premier of Saskatchewan, and Dr. Guy Rocher, Professor of Sociology at the University of Montreal and Vice-Chairman of the Canada Council, respectively.

The striking fact that emerges from the basic papers and the discussions at the seminars is the wide variety of society's needs and aspirations. There is no such thing as "the society" or "the individual". Dr. Rocher's paper has this to say in discussing the question, "What does the individual expect of the school?":

There are in reality several "publics" which have an answer to give to this question, and which answer it in fact in very different ways, because each one perceives and judges the school in a particular perspective and from its own unique viewpoint.

.... On the one hand, parents see in the school the channel of access to a superior status in tomorrow's society, and earnestly wish to keep their children in that channel as long and as far as possible, in the hope that they will profit from it later. In opposition to this view, on the other hand, it is precisely because the school appears to them as a symbol of a hierarchic society, stratified in classes and kept subject to exploitation by elites, that certain young people refuse or say that they refuse to enter the System.

Two publics, then, come into confrontation here. Their viewpoints often seem irreconcilable because their judgements on the society of today and tomorrow are profoundly divergent. In reality, the situation is much more complex. It is only too clear that young people do not form one block having the same attitudes and the same opinions, and that parents are equally far from being unanimous. Among students as among parents, there are differences of viewpoint between those who accept society as it is and who accept integration with it, and those who refuse that society. And between these two poles of opinion, the shades of difference are almost infinite....

It is precisely this great diversity in points of view on the society of today and tomorrow and on education in relation to society, which produces the multiplicity of publics, a phenomenon which is highly characteristic of an evolving society. The faster the pace of social change, the greater the tendency for differing viewpoints to assert themselves and to come into conflict -- points of view on society, on its future evolution, and on the objectives of this

evolution and the means of achieving them. At the outset, complex industrial societies are characterized by social and cultural pluralism. When a society of this kind is experiencing a phase of rapid evolution, pluralism asserts itself in a much more striking fashion still.

Behind the visible confrontations on the subject of the society of tomorrow what is really being expressed is a series of value conflicts. In a period of re-definition of the society of tomorrow and of re-orientation of the collectivity, different values come into opposition and contradict each other. New values are proposed to replace the old ones; or again, contradictions between traditional values, never before perceived, suddenly come to light, provoking open conflicts which up to now have remained latent or concealed. We see groups confronting each other violently, seeking to assert divergent or contradictory values.

In such a society, and at such a time, what makes the task of the educator so difficult is that the teacher and the school find themselves, by the force of events, at the centre of these value conflicts. They suffer repercussions through the different expectations to which they must try to respond. The educator and school are torn between opposing demands and expectations, between publics which do not agree among themselves, and each of which demands that the educational system yield to its will and respond to its hopes.[1]

The contradictory demands of society are paralleled by the conflict between the right wing and the left wing in educational thought; between those who would essentially keep the present structure with occasional modifications and those who would tear it apart or at least open it up and give it new direction.

In the words of Everett Reimer, one of its most critical analysts, the traditional school explicitly or implicitly combines

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[1]Guy Rocher, What the Individual Expects of the School (Ottawa: Canadian Teachers' Federation, 1972), pp. 3-5.

four distinct social functions -- "custodial care, social role selection, indoctrination, and education as usually defined in terms of the development of skills and knowledge."[2]

The custodial care function is seldom mentioned in the professed goals of education. It is, however, one of the basic concerns of parents and undoubtedly is consciously or unconsciously one of the main motives for the demand for earlier age of admission; for the retention of all students to the end of high school; and for completion of two or more years of post-secondary education, whether actually needed or not, for entry into any skilled occupation. The cost of this simple function is enormous in terms of time, space and the services of personnel required.

The social role selection function, also equally unspoken, pervades the whole school structure from the junior high school level upwards. Accomplished originally by barrier examinations, failure and drop-out, it has been alleviated to some degree by guidance and counselling and more recently by continuous promotion in some schools and the abolition of external examinations. But the reality of success or failure still prevails and this reality is accepted as well by those who do not profit from it as by those who do.

"Indoctrination" is also a word that the traditional educator would not consciously accept as the function of his schools. Reimer has an apt phrase for it: "Bad schools indoctrinate. Good ones teach basic values."[3] No one doubts that it is the function of the educational process in any society, from the most primitive to the most advanced, to inculcate the basic values of that society. But the values of dependency, conformity and competition that the school in fact develops through its hierarchical structure, its methods, its rewards and punishments, are completely at odds with the professed values of initiative, cooperative

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[2] Everett Reimer, "An Essay on Alternatives in Education," Interchange Vol. 2, No. 1, pp. 1-35, 1971, p. 4.

[3] Ibid., p. 6.

citizenship and self development which appear in the formal courses of study. The "de facto" values comprise the so-called hidden curriculum of the traditional school.

The most explicit function of the traditional school is, of course, the teaching of cognitive skills and the transmission and creation of knowledge. No one quarrels with this, and there is no doubt that all schools do succeed in this function to some degree, and some schools to a higher degree. There is some doubt that the schools succeed as much in this explicit function as they would if they were not preoccupied with the implicit functions, and considerably more doubt that the "learning" in schools affects the student's orientation to life, and what he does with it.

The New Values

While the old values, whether recognized as such or not, are clearcut and definite, new values cannot be stated so positively. There is a feeling that the old values are wrong and inhuman, perpetuating an order of society which is disintegrating and at worst threatens the whole existence of mankind. The "new" thought is essentially a negative reaction to the restrictions of the old and a search for corrections and alternatives. Against the trend to keep more and more students in school longer and longer is the thought, expressed at the May 1971 seminar, that the compulsory period of schooling should be shortened: that students should alternate periods of work with periods of learning; that the school should expand its boundaries to include a wide variety of non-school learning experiences and settings.

The social selection role has been seriously weakened in the past few years. Absence of jobs for holders of qualifying certificates is one factor. Another is the revolt against the demand for certification when the certificate is used only as a screening device and the skills represented by it are not necessary for the job.[4] Far deeper is the revolt against the whole

[4] Ivar Berg, Education and Jobs: The Great Training Robbery (New York: Praeger Publications, 1970), 200 p.

competitive process and against the goals and values of the consumer society. More and more young people, particularly those of the middle and upper income groups, are "voting with their feet", leaving the secondary schools and universities, and seeking their own solutions to working and living.

Against the indoctrination role of the schools expressed both in the formal and the hidden curriculum, and associated with the revolt against social selection, is the influence of the counter culture on the young. Superficially, while in school, most of them conform to the institutional values. Outside the school they have their own values. They stress the affective rather than the cognitive; group cooperation rather than competition; people rather than products; participation rather than prestige. Many of them are moving or have moved into Reich's "Consciousness III", while most adults are still in Consciousness II, the culture of the industrial and technological revolution.[5]

In opposition to the school's conventional role of imparting knowledge and skills, the "new thought" stresses the process of learning rather than its products; the developmental purpose versus the adaptive; creativity, personal initiative, and the utilization of the resources of each person as against conformity, rote learning and, all too often, sterile class instruction.

It is in the light of these conflicts of expectation -- conformism versus creativity, initiative, the spirit of enterprise and capacity for innovation; discipline versus freedom; compulsory learning in a closed institution versus free learning in a structure open to the community and the world; the school as a selector versus the school as a developer -- that this study must try to find a consensus on new imperatives and new structures for the educational system the public is to support and finance.

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[5]Charles A. Reich, The Greening of America: How the Youth Revolution Is Trying to Make America Livable (New York: Random House, 1970), 399 p.

CHAPTER THREE

THE DETERMINATION OF PERFORMANCE GOALS

In the face of such great diversities of opinion as to what the schools should do and how they should do it, what action should be taken by those who are seriously concerned about the future of education? It has been said that the oracle of public opinion has fallen silent, and that educators should sit back and wait for the social consensus, shattered by the democratization of education, to develop in some new form. But the democratization of education has now been developing in the United States for sixty years and in Canada for forty years. The counter revolution of the young has now been in process for at least ten years. Is it not possible to examine the trends in society, to foresee in some degree their direction and out of them to develop some generally accepted "common denominators" of aims, purposes and procedures for education?

The first task is to determine in the light of current social structures and trends what the students in their schools must know or can do and what attitudes or feelings they should have to achieve their personal orientation with life. In this

report these are termed performance goals. In a pluralistic society these performance goals can only be set forth in broad and general terms.

They can be classified into two main types -- goals that grow out of the process of education, the manner in which students are taught (process-oriented goals) and goals that grow out of the substance of education, what they are taught (substance-oriented goals). Most goal-setters are inclined to stress the process and to give little attention to the substance. Yet it is only through the proper combination of process and substance at any given time or level that the performance outcomes of knowledge, behaviour and attitudes can emerge.

Dr. Lloyd's paper on What Society May Properly Expect of the School lists the following social needs with which the school should deal:

1. The need for decision-making
2. The need for Canadian identity
3. Economic well-being -- and the contribution of education
4. Our environment -- its use and abuse, its preservation and development
5. Self-renewal -- of the individual and of society
6. Global opportunities and obligations
7. Human relations.[1]

It will serve no purpose in arriving at the consensus to discuss these goals in detail; to determine whether they are process-oriented or substance-oriented, and to what degree in each case; whether the schools in their present organization and content can in fact achieve them. As expressed in the basic paper, the "decision-making" and "human relations" goals are almost wholly dependent on the instructional process and the atmosphere of the school. "The need for Canadian identity" and "global

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[1] Woodrow S. Lloyd, What Society May Properly Expect of the School (Ottawa: Canadian Teachers' Federation, 1972), pp. 3-4.

opportunities and obligations", unless they arise from pure indoctrination, which would be a denial of the decision-making goal, can come only from a substantial study of content using a process from which ideas, generalizations and conclusions can be drawn. Non-school experiences such as travel and exposure to the media may have a much greater influence than the school procedure, however vital the latter may be. The television coverage of the Biafra war, the suffering in Bangladesh and the senseless and impersonal violence in South Vietnam leave impressions that no amount of study could produce.

Closely related to these two is the goal dealing with "concern with the environment". Essentially it relates to the quality of life and the preservation of humanity. The paper indicates that any effective action on the environment "lies in a drastic change in Canadian values and Canadian organizational structures and in Canadian public policy".[2] But the changes will only arise from a combination of adequate scientific knowledge and a process of teaching which encourages decision-making and action. In this area also out-of-school experiences can and do play a significant role.

The "contribution of education to economic well-being -- of the individual and of society" is a goal that is difficult to categorize in terms of substance or process. For the greater part of the student's school life it is not an explicit goal at all. Yet the whole school process of kindergarten upward is implicitly preparing all males and an increasing number of females for entry into productive work. In any synthesis of educational goals, it will play a prominent part.

The goal of "self-renewal -- of the individual and of the society" is equally hard to pin down in terms of content and process. As expressed in the basic paper, it goes far beyond education in the arts and the development of avocational interests in science, nature, literature, mathematics or whatever, growing out

[2] Ibid., p. 44.

of the regular study of these subjects. The paper also draws attention to the importance of the total working environment (human as well as physical) in determining both personal and collective accomplishment and enrichment. "It is the greatest possible development of creative faculties and the wide opportunity to use them, off the job and on the job, that should define educational responsibility for 'self-renewal'".[3] Developing this theme the paper states: "If individuals are to 'be persuaded that they matter' they must in fact 'matter' in the school situation -- and must know it by experience there. If they are to be 'encouraged to assume responsibility' they must have opportunity to experience responsibility in the school situation. If they are to exercise 'critical resistance' to slogans and subtle insinuations, to the skilful use of 'techniques and means of influencing ... from a central source' then they must have opportunity to practise 'critical resistance'. That 'critical resistance' may be to the program imposed by the school or the methods of imposing it. The practice of 'critical resistance' will include a searching analysis of news and editorials and advertising and cartoons and drama and objectives of organizations and practices of institutions. Objective and intense practice of this kind by schools won't be welcomed in all quarters. If society is to expect it society should also support it."[4] Dr. Lloyd's paper emphasizes the necessity for developing critical resistance in the section dealing with decision-making. He concludes it with these words:

> If we do not wish to submit more and more to a "planned society", if on the contrary we consciously choose to develop a "planning society", in charge of its own destiny, we will ask our school systems to provide more opportunities for developing the skills of decision-making. Greater

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[3] Ibid., p. 48.

[4] Ibid., p. 48.

personal and collective dividends, more satisfied people and more satisfying society can result.[5]

These ideas crystallize in Dr. Rocher's paper on What the Individual Expects of the School. After tracing the trends and contradictions in modern society he states:

> We are demanding of a system of mass education that it be at the same time individualized. I believe that it is the specific demands implied by this duality of purpose that are at the heart of the harassment, the ambiguities and the contradictions which educators and school administrators experience. It is undoubtedly not by chance that, in a mass society in which the individual is subjected to a considerable number of pressures and constraints which tend toward standardization of people, the demand rises for an education that is more and more individualized.[6]

Later on in his paper, after discussing the revulsion against the collective threat of technology, he states:

> All, or almost all, young people are convinced that the gravest threat hanging over them is that of being absorbed by the infernal machine of collectivity, of being dehumanized, alienated and de-personalized by an anonymous and soulless system.
>
> It is in the context of this obsessive fear and as a means of reacting against this threat -- whether it be real or imaginary is of little importance here -- that we find, in my opinion, the desire which is so strongly expressed to see the school and the school system return to a personalized form of education, in order to assert the value of personal thought, creativity and autonomy, and to fight against the excessively strong forces of society.[7]

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[5] Ibid., pp. 18-19.

[6] Guy Rocher, What the Individual Expects of the School (Ottawa: Canadian Teachers' Federation, 1972), p. 17.

[7] Ibid., p. 23.

CHAPTER FOUR

SYNTHESIS OF SOCIAL AND INDIVIDUAL GOALS

In attempting to achieve a synthesis, there is always the awareness that one is going over old ground; repeating or re-emphasizing goals, principles, and conflicts which go back to the earliest thinkers of mankind.

The conflict between the practical and the cultural goals of education was presented by Aristotle:

> It is not at all clear whether the pupil should practice pursuits that are practically useful or morally edifying or higher accomplishments -- for all these views have won the support of some judges; all men do not honour the same virtue so that they naturally hold different opinions in regard to training in virtue.[1]

The same conflict still prevails.

The very pragmatic seven cardinal principles presented by the United States commission on secondary education and described in Chapter One gave the synthesis of the twenties. In the

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[1]Aristotle, Politics (c380-320 B.C.), Translated by Benjamin Jowett (Toronto: Macmillan, 1943), 337 p.

thirties, a report of the Educational Policies Commission in the United States, in discussing the purposes of education in American democracy, adopted another and much simpler classification of life activities and concerns -- self-realization, human relationships, economic efficiency, and civic responsibilities. As one Canadian educator in the 1950's suggested, the purpose of the schools is to develop free and independent persons who as individuals are disciplined and versatile, as citizens well-informed and responsible, and as workers well-trained and efficient.

A New Synthesis?

These syntheses represented a certainty and conviction that grew out of an almost complete acceptance of the goals of the industrial and technological society; from the belief that the collectivity did not place any serious restraints on the growth and development of the individual, and from the belief in the supreme authority of the national state. Today these certainties do not exist. The goals of the industrial society and its effects on mankind are under question. The rights of the individual to escape from the collectivity are being asserted. The concept of the interdependence of nations and of "the brotherhood of man" is slowly, very slowly, gaining ground. A new synthesis must reflect these changes:

1. The primary concern of the schools is to give each child maximum assistance in achieving his own personal orientation to life. From and during his study of the human and physical world as it was, his examination of what it is now and his projection of what it will or should be for him, he must choose his own goals, values, and directions.

2. The second and equally important responsibility of the schools is to develop in the students a broad and deep concern for humanity. This encompasses and at the same time exceeds the traditional goals of "concern for Canadian identity"; "good citizenship"; "human relations"; and "global obligations and opportunities". It includes concern for the current problems of war, pollution, poverty, over-population, urbanization, housing, public

transportation, taxation, crime, drugs -- the matters that both young and old are really concerned about but which are seldom heard of in the formal school curriculum.

As in the case of personal orientation this concern can only grow if the bodies of knowledge and methods of inquiry which are essential to the school's purpose are related to the human setting in which they arose, have developed, and are being used and pursued. The rather dismal results of Canadian studies in the schools which were reported in the book What Culture? What Heritage?[2] indicate the sterility and futility in studying the past without reference to the present. And the reverse is equally true. Knowledge and concern must be interwoven and the school itself must have its own human setting in which concern for others can be fostered and expressed.

3. Perhaps the most commonly accepted and at the same time the most controversial goal of the schools is that of providing the students with the skills and attitudes necessary for entry into the world of work. Education still has not resolved Aristotle's dilemma. The plain fact of the matter is that work must be done and those who emerge from the schooling process must do it. Even the most sincere advocates of the counter culture recognize that it must come to terms with technology. There are just not enough remote fishing coves, forest retreats, and rural communes to support the world's four billion people or the twenty million people in Canada.

The basic question is the right balance between general education and specialization and the role of the school in providing the final specialized training. The total educational structure thinks nothing of providing the final specialized training for doctors, lawyers, engineers or even stenographers and typists, but seems to balk at doing it for the carpenter, the plumber, or the radio-TV repairman. The controversy was summed up

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[2] A.B. Hodgetts, What Culture? What Heritage? (Toronto: Ontario Institute for Studies in Education, 1968), 122 p.

in the final paragraph of Woodrow Lloyd's exposition on the role of the school in providin the economic well-being of individuals in society:

> Economic well-being is a product of many factors. The ability to produce -- to have those manipulative to managerial skills needed to turn raw material into real wealth -- is one of them. Society can expect educational institutions to accept responsibility -- but not all of it -- for providing opportunity to develop such skills. Generally speaking, a higher level of education means more production and more consumption. Even the training for skills function has increased in complexity. People deserve a diversity of training -- "a collective flexibility" -- to meet changes in work content and to enable changes in job choices. But even the training of experts and specialists is not enough -- social needs and attitudes are important factors in economic well-being. So too are human relations. Those "general" aspects of education which promote judgement, human values and sensitivity assume increasing importance in vocational or technical or even professional preparation.[3]

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[3]Woodrow S. Lloyd, What Society May Properly Expect of the School (Ottawa: Canadian Teachers' Federation, 1972), p. 39.

CHAPTER FIVE

STRUCTURAL OR SYSTEMS GOALS

This study accepts as a synthesis of performance goals that the content, methods and atmosphere of the schools could be developed so that all students are well oriented to life, have a deep concern for humanity, and are fully prepared for the work they wish to undertake. Under the present financial constraints, which may continue for as long as we can foresee, some further questions have to be asked: Who goes to school and for how long? What type of education is to be given to what students? Can the schools carry out their broad performance goals effectively with the funds available to them?

These questions introduce a second set of goals for the school system -- equity and efficiency, which are discussed in the third major paper prepared for the CTF project, Basic Goals and the Financing of Education. The equity goal is sub-divided by the authors of this paper into two categories -- equality of opportunity and fiscal equity. They say:

> At the elementary and secondary level, emphasis is more likely to be placed on equality of opportunity, although fiscal equity (who pays and who benefits) may be very

> important, given differences in expenditures on education. In general, equality of opportunity is concerned with who is getting education and the type of education being received. Fiscal equity carries this one step further by attempting to relate the beneficiaries to those who bear the tax burden. The purpose is to determine if the net effect of educational expenditures is regressive, progressive, or neutral. For example, to ascertain if particular groups (e.g. income) received benefits greater than costs or benefits less than the cost.[1]

In this preliminary report dealing with the demand side of education, only the equality of opportunity goal will be considered. The fiscal equity aspect will be treated in a discussion of the sources, allocation and distribution of funds in the second part of the report.

There is a question as to whether "equality of opportunity" is properly a goal of the educational system in the same sense as the performance goals discussed earlier. Equality of opportunity is a broad goal of society, and the schools are only one instrument by which society achieves this goal. Providing economic opportunity, health, welfare, recreation, public transportation, the tax system, and a host of other public activities also contributes to equality of opportunity. But since the school's role in carrying out its share of providing equality of opportunity does affect the amount and type of education the school should offer, which is the chief concern of this section of the report, the question of equity has to be considered.

For the purpose of this report, the goals of equity and efficiency will be considered as "systems" goals, to be accomplished by or within the system, as contrasted with "performance" goals, which determine what the students know, think, or can do.

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[1] Walter Hettich, Barry Lacombe and Max von Zur-Muehlen, Basic Goals and the Financing of Education (Ottawa: Canadian Teachers' Federation, 1972), p. 30.

Equality of Educational Opportunity

At the May 1971 seminar sponsored by the Canadian Teachers' Federation one of the four positive recommendations derived from the deliberations of the delegates was that "the benefits of education must be made accessible to those in society who suffer disadvantage." The problems arising from this general statement have been discussed in the Basic Goals paper as follows:

> It is not clear what is meant by equality of opportunity nor is it clear how it can be achieved. Equality of opportunity may refer to equal expenditures per pupil, it may refer to compensatory education, it may refer to equal rates of participation for students of equivalent ability, it may refer to equal participation for students of all social classes. At the elementary level, it would conceivably refer to either access to equivalent types of resources for all students, or the offsetting of exposed learning deficiencies or both. At the secondary level, it may indicate the above, but also encompass equal rates of participation for students of equivalent ability and for students of all social classes.
>
> Empirical evidence shows that participation rates for education do vary by income and social class, that expenditures per pupil do vary by income level of the community, and that these bring consequences which are undesirable. This evidence has led to increased awareness of the extent to which equality of opportunity is not being achieved. The question which cannot be accurately answered is the extent to which the differences in participation rates by social and ability class reflect financial barriers to continued education, stem from other socio-economic causes, or result because of the differences in resources allocated to the educational process. Nor are the answers clear and, of course, the answers may influence the manner in which one approaches equality of opportunity. In simple terms, those who advocate equal access to resources within the educational system must

> think that the observed differences in participation rates result to some significant extent from this inequality in resources. Those who argue for greater financial assistance must think that this provides the key barrier.
>
> Alternatively, child psychologists think that environment plays a crucial role in determining learning abilities such that the observed differences in participation rates reflect this fact. If this approach is correct, it is necessary to offset those aspects of environment which contribute to exposed learning deficiencies. Indeed, child psychologists favour offsetting the negative effects of environment through preschool programs rather than having the elementary and secondary school system play the full compensatory role in offsetting exposed learning deficiencies. However, even with the case of preschool programs, it may be necessary to have these levels of education turn to a more compensatory role.
>
> Perhaps it is best to use the following division. The empirical evidence shows large differences in participation rates. The question is to what extent does this represent financial barriers, differences in the resources allocated to schooling and differences in environment?[2]

This balancing of the various influences that contribute to the present lack of equality of opportunity against the various remedies proposed does not give any clear direction as to what should or can be done.

Certainly the schools cannot do it all, particularly in removing the barriers growing out of family income and environment. Broad social measures such as the guaranteed annual income, improved housing and public transportation, health and dental care, and the provision of public recreation facilities, can ameliorate the effects that low income and poor environment now have on access to and achievement in the educational system.

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[2] Ibid., pp. 30-31.

Within the schools, something more may be required than equalizing cost per student, providing special education for the physically or mentally handicapped, and offering some form of compensatory education for those who suffer from environmental handicaps. The attitude of the school in general and of individual teachers in particular toward low achievers is often a barrier to equal opportunity. Dr. Rocher's paper on What the Individual Expects of the School has this to say:

> All the research undertaken in different countries shows in fact that teachers themselves can be a factor limiting the freedom of aspiration. By the way in which they guide their students, the advice which they dispense to parents, by the selection which they make and also perhaps through unconscious motivation, teachers accentuate the barrier of social classes, of disadvantaged areas, of economic and cultural obstacles. Teachers are indeed aware of the fact that a child of the working class has, given an equal intelligence quotient, less chance than a middle class child of pursuing advance studies; in Ontario, teachers consider that the French-speaking students are "generally lacking in certain qualities which favour successful study"...; and it is in the light of these judgements that teachers guide their students and/or advise parents. But by reason of that very fact, it is the weight of social, economic and cultural conditioning which bears down in this manner, through them, to affect the decisions and the life of the student. The teacher adds to this weight the influence which he has at his own disposal, whether it be because of his prestige or his authority.
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> We see then in what sense the action of teachers may be re-oriented in the direction of liberation, rather than in the direction of repression. Teachers who are aware of the social forces which operate outside of them and through them will in future be an important factor in equalizing the opportunities of access to education, with a view to the

establishment of a society which will be more authentically democratic. In particular, they will have the function of maintaining at a high level the academic and vocational aspirations of students and their parents, while remaining equally wary of the danger represented as much by aspirations which are too high, and therefore utopian, as by aspirations which are too low.[3]

Efficiency in Education

Educators have a strong urge to shy away from a discussion of efficiency in the educational system. It has been said that the clamour for accountability is really a demand that the schools maintain their old position as last stage instruments in the replication of society and that in the present uncertainty they cut back their activities to those minimal functions that organized society is still sure it wants -- instruction in reading, writing, and counting and imparting specific skills. Educators say that they are dealing with living complex human beings and not with saleable products like color TV sets and washing machines. Results of their efforts are spread over a lifetime and cannot be measured in immediate or economic terms.

But this report deals with the amount and type of education that should be provided and how and by whom it should be paid for. The inescapable fact is that the public resources from which the schools are financed are limited. They are limited absolutely by the material production of the economic system. Within the public sector they are limited relatively by increasing demands for other types of public services. Within education, limits must be set among the various levels and functions. The public is simply asking educators questions that they should have asked themselves long ago. "What are the schools trying to do?" "Are they doing it well?" "What is the evidence?" Comparisons with the inefficiency, monopolistic practices and conniving of the

[3]Guy Rocher, What the Individual Expects of the School (Ottawa: Canadian Teachers' Federation, 1972), pp. 11-12.

business world are useless. If a business does not ask and answer these questions satisfactorily, it goes out of business. If public education does not ask and answer the same questions, the public may, as it already has done in part, withdraw its support and assign the business of schooling its children elsewhere.

Performance contracting for the teaching of basic skills using the full range of educational technology, and voucher systems giving parents the choice of public or private education, have been used experimentally and are being widely discussed.

But it should not be assumed that if the objectives are set forth with emphasis on the developmental rather than the adaptive that the public will reject them. Nor should it be assumed that results must be quantified and measured wholly in monetary or economic terms. The Basic Goals paper states:

> It may be worthwhile to make one further point. It is often thought that economics as applied to education is concerned solely with money or monetary gain. Economics, however, does not preclude the inclusion of humanistic values in its decision models. Indeed, most of the economic literature on the topic of education is quick to point this out. Further, monetary gain is not an end in itself. It is an indicator used in determining if available resources are being used in the best manner possible. This, in turn, allows available resources to go further in pursuing the other objectives society desires.[4]

The discussion of the efficiency goal as it relates to education, vis-à-vis the alternative use of resources, the allocation among levels of education, and sectoral efficiency -- the relation between the educational system and the economy which includes manpower planning -- properly belongs in the second part of the report dealing with the supply side.

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[4] Hettich et al., op. cit., p. 18.

Measuring the Effectiveness of Education

This section will discuss the question of allocation in the provision of education at a particular level and especially the efficiency of the teaching and learning process. Two methods of measuring or assuming effectiveness used in the past will have to be rejected. The first is measuring the quality of education by the amount of input. Wilfred Brown's Education Finance in Canada, published by CTF in 1969, indicated that 52 per cent of the rising cost between 1956 and 1966 was attributable to the upgrading of the qualifications of the teaching profession, reduction in staffing ratios, the addition of ancillary school services such as transportation, guidance, special education and the like.[5] These changes were equated with a rise in "the quality of education". Education as measured by the performance goals may in fact be better as a result of higher input but there is no real assurance that this is the case. Similarly, proxy measures of output such as participation rates, retention rates, pass rates, failure rates, and so forth, are of little value in measuring true output. These represent the varying capacities of educational systems to hold students for causes arising either inside or outside the educational system. They may measure success in the custodial and social role selection functions of the schools but give no real indication as to whether they are achieving the basic performance goals.

Three real methods of measuring the effectiveness of education as education are open. The first is an objective and analytical study of the teaching and learning process actually going on in the schools. The study of the effectiveness of Canadian studies in the schools, already referred to, used this process. Teachers were observed in action and the observations recorded. Students were interviewed personally and given relatively simple tests of factual recall and generalizations

[5]Wilfred J. Brown, Education Finance in Canada (Ottawa: Canadian Teachers' Federation, 1969), p. 7.

concerning the effect of their study on their present concepts of the problems facing Canada today. Except in about ten per cent of the classes observed, the results were strongly negative. Similar studies of the process in other areas could and should be undertaken within the school systems themselves or by concerned and enlightened outside agencies.

The second technique is that of determining the influence of school and student input on a measure of school output to see if the inputs could be combined in a different and more efficient fashion to produce the desired output. The process was discussed in some detail in the Basic Goals paper, whose authors stated that "to do this type of analysis effectively, output measures related to what students actually learn must be developed".[6] They also point out that "output data which measure what has been learned are practically non-existent in this country".[7] They modify this statement somewhat by pointing out the results achieved in the Carnegie and Atkinson studies in measuring the output of secondary schools. In the area of cognitive skills the schools have in fact developed measures in the form of standardized ability tests and the schools' own internal tests that give some valid indication of performance, but even in this area it is not possible to sort out the separate influences of the school and learning outside the school. Virtually nothing is known about the effects of schooling on the formation of attitudes and on the affective aspects of learning.

The third type of assessment, known as cost-effective analysis, is also described in the Basic Goals paper. The authors' description of it is as follows:

> Cost-effectiveness analysis can be usefully applied to public investment projects when the output of the activity cannot be expressed in monetary terms because there exists no market where this output is priced. This is

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[6] Hettich et al., op. cit., p. 26.

[7] Ibid., p. 24.

applicable to education as was noted earlier. It has been suggested that the difference between cost-benefit and cost-effectiveness analysis is that the former is specifically concerned with the economic benefits of projects while the latter takes account of a variety of non-economic objectives in addition to economic benefits. This perhaps inflates the case. In any event, given the difficulties in placing monetary values on certain educational outputs, this type of analysis serves as a useful complement to cost-benefit analysis. It can be performed on a number of projects at a point in time to determine which is the most preferred, or it can be done on one project over time to see if resources are being used more or less effectively. It essentially relates indexes of outputs to indexes of inputs. While this type of analysis would seem to have a high utility, it has not been widely used in the area of education.[8]

Undoubtedly, lack of effective instruments for evaluating both the direct and indirect outputs of schooling is the Achilles heel of education. Whether the public demands it or not -- and they now do, more and more forcefully -- the schools cannot operate their programs to their own satisfaction unless they create and use the measurement tools to assess the output and create the feedback which will enable them to adjust their future behaviour in the light of their past performance.

[8] Ibid., pp. 26-27.

CHAPTER SIX

OPERATIONAL GOALS

The study at this point, through an examination of the historical trends in education and an analysis of the three basic papers, has established two general sets of goals within which the public school system should operate, and by which it should be assessed -- performance goals and systems goals. In terms of the performance of students, the schools should assist in their personal orientation to life, give them a broad concern for humanity, and provide them with the general and, in some cases, the specific tools for earning their living. These goals should be achieved in a system which assures social equity and efficient performance.

Before the study can set forth its views on the broad outlines of types of organization and instruction it would like to see in the schools, one further analytical step must be taken. The general performance and systems goals should be combined in a set of somewhat more specific operational goals. These should provide the basic elements which would facilitate an assessment of the present structure, or any proposed future structure, by determining the emphasis to be placed on the various elements.

This exercise has already been done exceedingly well by David Livingstone in his article "Alternative Futures for Formal Education" in Volume 1 of Interchange. The excerpts from and references to his article are included here with his permission.

As Dr. Rocher has also suggested in his paper, Livingstone indicates that our goals for and attitudes toward the schools depend upon our general images of the future. Livingstone says they "may vary in many respects, including future time perspective, pessimism or optimism of content, and degree of human control."[1] He follows with a very thorough analysis of the different aspects of orientation to the future -- those that are systematically organized and those that are based on judgement, instinct, or plain wishful thinking. He points out that "the most striking fact that emerges from looking at all of these different orientations to the future is that few people appear to be taking advantage of our 'unparalleled opportunities' to imagine alternative desirable futures."[2] Indeed, he indicates, quoting from other sources, that "There are hardly any new constructive and no generally accepted idealistic images of the future at the present time.... The absence of ideology in current society has led to the presentation of future directions as 'technical' questions, not as matters of values and preferences."[3]

Livingstone states that we must have visions and that these must be tempered by the facts. He states: "But the task is not to presume utopias so much as to start to work toward them. We now have frequent hortatory calls by intellectuals for more positive normative visions. We also have large amounts of data on 'technical questions' regarding the future. After desirable images are invented, such technical questions must be asked to estimate their practicability. The balanced consideration of the

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[1] David W. Livingstone, "Alternative Futures for Formal Education," Interchange Vol. 1, No. 4, pp. 13-27, 1970, p. 13.

[2] Ibid., p. 15.

[3] Ibid., p. 15.

questions 'What should the future be like?' and 'What is now influencing the realization of such a future?' may be termed the practicable, desirable futures approach."[4] He says further: "In my judgement the most indispensable activities involved in inventing desirable images of the future and trying to achieve them are:

Goal formation and determination of goal priorities;
Evaluation of the adequacy of existing or proposed means for attaining these goals;
Analysis of the influences on existing means and estimation of future influences;
Suggestion of desirable means to enable future goal attainment;
Selection of most practicable, desirable futures and action to implement them."[5]

He then applies this technique to the analysis of formal education defined in his paper as "the deliberately organized instruction of cognizant individuals in settings that are certified by the group's governing authorities".[6] Further, "while only activities that occur inside schools tend to be identified as formal education today, in either more libertarian or more primitive societies any learning activity pursued in any setting might be recognized as part of formal education."[7] He points out that many attempts to limit goals as to "what the schools should be doing" prevents educators from going beyond the existing institutional structures and looking for new futures for education.

Livingstone's five goals "have been formulated with reference to a number of widely different cultural and temporal

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[4] Ibid., p. 15.
[5] Ibid., pp. 15-16.
[6] Ibid., p. 16.
[7] Ibid., p. 16.

contexts. These goals are seen as equally applicable both to individual and to social levels of education."[8]

The goals that Livingstone sets forth with a description of them are as follows:

1. Extent of opportunities for participation;
2. Curricular relevance;
3. Curricular flexibility;
4. Effective participation;
5. Efficient participation.

He defines these goals in the following way:

> They are not presumed to be an inclusive set of educational goals and are used here mainly to illustrate the goal-setting and other design procedures. My collective-level, nominal definitions of each of the five goals are discussed briefly here.
>
> The extent of opportunities for participation refers to the proportion of the people, including all segments of the population, who are able to become active in certified learning activities. At the upper limit everyone would be able to participate at the same time. While notions of curricular relevance have varied greatly, one dimension that I have used regardless of the culture or epoch is the emphasis on multiple sets of logical principles and methods of inquiry. The main question is not "What are the facts?" but "How do I find and handle the facts whatever they may be?". Where there is a balanced emphasis on genuinely considering and creatively applying numerous sets of principles and methods, the educational curriculum is assumed to be more likely to enable people to cope with their changing environmental needs. Curricular flexibility denotes the degree of choice that students have concerning the things they can study in certified educational settings. Where there is an unrestricted range of subjects, and choices of subjects and

[8] Ibid., p. 17.

settings can be made and revised at any time, curricular flexibility is at its upper limit. Effective participation refers to the additions to people's cognitive and emotional horizons as a result of their formal educational experiences. The degree of effectiveness might be seen in terms of curricular objectives -- that is, the correspondence between what is intended to be learned and what is actually learned. Efficient participation is viewed in terms of people's outlays of time and energy. The less time and energy expended in completing any given educational activity, the more efficient the participation. (The notion of efficiency loses much of the negative connotation it has in some circles today when it is thought of in conjunction with a high degree of individual freedom or curricular flexibility.) It should be emphasized again that all of these goals refer to formal education per se rather than to the socialization, stratification, custodial, or other functions that formal education frequently performs for other societal institutions.[9]

He points out the current proliferation of educational goals on which no agreement can be reached, and says:

> The second part of the goal-setting process, that of attempting to think about educational goals systematically and determine priorities among them, has been critically absent to date. Until we begin such attempts we are unlikely to generate many cogent or compelling alternative images of the educational future.[10]

Using his classification of operational goals (which he points out clearly are used as an illustration of the goal-setting process, and are not infallible) it is possible to sketch out alternative educational futures by altering the priority for each of the goals. In the model given in his article, reproduced here

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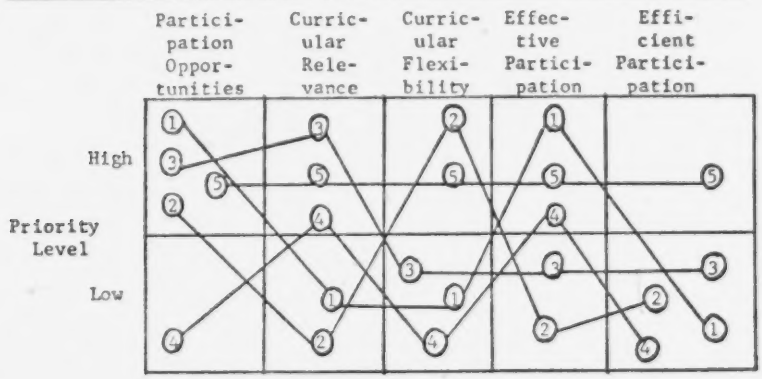
[9] Ibid., p. 17.

[10] Ibid., p. 18.

as Figure 1, he shows alternative combinations of educational goal priorities for five different "images" of education. The traditional image, our current school system, emphasizes participation opportunities and effective participation at the expense of the other three goals. The Reimer-Illich plan for de-schooling would emphasize participation opportunities and curricular flexibility -- and so on for any other envisioned type of educational future.

Figure 1. Alternative Combinations of Educational Goal Priorities



1 -- "traditional" image
2 -- "stimulated, laissez-faire" image
3 -- "intended adaptivity" image
4 -- "philosopher-king" image
5 -- "integrated emphasis" image

Livingstone expresses the "image" he finds most desirable in these words:

> The general image that I find most desirable gives "integrated emphasis" to all of these goals. People of all ages and orientations would be allowed and encouraged to participate in educational experiences that involved mainly the exploration of sets of logical principles and that also

attempt to insure the understanding and use of such principles. At the same time, they would be quite free to choose among and devise substantive areas and modes of study, and also be enabled to devote the portions of their time and energy that are available for formal education pursuits most efficiently, that is, in accord with their own motivations. The relevance and flexibility goals would act as checks and balances on each other while also serving to relate the three participation goals to a dynamic educational substance.[11]

His article also points out the importance of thinking through the means by which the various goals may be achieved and how the means for achieving one goal may alter or subvert another goal. For example:

> ... if effective participation is a recognized goal, it is likely even in the most "open" schools that a testing program with standardized tests will be set up as a means to provide feedback on effective learning. As Howsom (1967, page 99) describes the consequences of testing: "The teachers find that the students are weak in certain areas -- perhaps English grammar and mathematics computation. Incidentally the principal expresses his displeasure about these weaknesses. Soon the teachers are spending time teaching grammar and computation to bring up the test scores and to please the principal. They are neglecting some other aspects of the program -- such as critical thinking -- which the tests did not measure. Clearly the original goals have been subverted and means have become ends. The testing program -- a technical sub-system -- now is determining instructional goals." This example underlines once more the necessity of specifying goals as clearly as possible and

[11] Ibid., p. 19.

considering priorities among them at preliminary stages of designing educational futures.[12]

On this point Livingstone says the following, in response to those who state that it is not necessary to totally specify goals before examining means, because new means may emerge that will modify or change the goals:

> In contrast, I would reassert that it is necessary to both specify and work out priorities among ends or goals if "progress" is to be more than a rhetorical term, and if the invention of means is to be a constructive exercise rather than one in goal displacement. I would also emphasize that the synergistic nature of the present design procedures is based on setting specific, but modifiable goals, and that the contemplation of the "absurd" is equally encouraged in the goal-setting and means-inventing steps.[13]

He says further:

> ... I illustrate the invention of means with several possible provisions that would be desirable in terms of my present set of goal priorities, the "integrated emphasis" profile.
>
> Formal education would expand its boundaries to include all sorts of non-school experiences and settings, while certification of learning would be totally abolished. That is, formal education would become simply education. Emphasis would be on lifelong access to learning resources. There would be a resource center in each natural community that would be devoted to information classification and retrieval. People could organize their learning activities as they wished. No compulsory courses would be given even in the rudiments of reading and writing. Relational information in the retrieval system would be presented with an emphasis on alternative explanations and "strong inference," much as it

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[12] Ibid., pp. 18-19.

[13] Ibid., p. 24.

is today in molecular biology and high-energy physics (see Platt, 1966). Confrontations occurring along the lines of "The Advocates," an American educational television program that presents the viewer with strong arguments from several sides of the issue, could become commonplace. Education would indeed be "conflict-ridden," but conflict sustained by genuine dialogue between contending interests. "Equal output intervention" would be neither desirable nor possible in such an educational system, but this would not result in the survival of only the "fittest." Some individuals would undoubtedly become more adept than others in any given subject. But the inevitable existence of other adept adversaries both on that subject and politically related to it, would prevent opportunists from exploiting any given idea to gain oppressive advantage in wealth and power over others.[14]

This very brief summary does not do full justice to Livingstone's thorough and penetrating article. However, the goal-setting and means construction process he describes provides a framework within which the recommendations of the study on the structure and process of education can be more clearly set forth.

[14] Ibid., p. 24.

CHAPTER SEVEN

STRUCTURE FOR EDUCATION

The original outline of the study called at this point for a statement of the structure for education in Canada, using the performance, systems and operational goals established in the preceding sections. This statement could take the form of a strong reaffirmation of the priorities established following CTF's May 1971 Seminar, and an elaboration of the effects that the implementation of these priorities could have on the structure and processes of education. But this procedure would ignore the reality of strongly conflicting views and priorities, and leave the study open to the accusation that it had not taken these views into consideration in arriving at its definition of "the basic concepts generally held in this country and at this time." The study has chosen rather to set forth and examine a number of alternatives and from these select and expand on the one that incorporates forward-looking goals and values.

Social, cultural and economic values in Canada today range all the way from those of the 19th century agricultural society through the industrial society, the "second phase" industrial society and the emerging "humanized technological society".

Attitudes toward the goals and structure of the schools vary with the economic and social background of the viewer, his age, and as Rocher and Livingstone have so clearly pointed out, his view of what the future of society will be or should be.

Associated with the diversity of attitudes is the reality of change, which no document on social issues can ignore. The study has not made a formal analysis of the phenomenon of change, but the basic papers make constant reference to it. Dr. Lloyd's paper states: "The fact of an accelerating rate of change is one dominant characteristic of our society."[1] Referring to the current "increase in the velocity of history", he states:

> Probably the most dramatic "increase" of all can be seen in the main constituents of education, Canada's young people. Their change in attitude and belief with regard to their relationship with institutions, with other people and with each other must have profound meaning for those who would define what society may "properly require" of the educational system.[2]

When this document examines alternatives, therefore, it has to assume that the alternatives are not fixed or static, but are themselves in the process of change. The descriptions of them are in a sense caricatures, setting forth their general essence, and admitting that even the most traditional school has progressive elements, and that way-out theories may adhere to some conservative values.

Recognizing this limitation, the study has grouped public attitudes toward education under three headings -- the traditional, the liberal reformist and the far left radical humanist.

Traditional Attitudes

The traditional "structured" school is the one with which we are most familiar and which reached its full blossom in the

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[1] Woodrow S. Lloyd, What Society May Properly Expect of the School (Ottawa: Canadian Teachers' Federation, 1972), p. 7.

[2] Ibid., p. 8.

sixties. It emphasizes continuous participation, in a closed school setting, for as long as the student can cope with schooling or can stand it and a close relationship between school, public economic growth and individual social status. The organization is hierarchical. The curriculum is imposed from above, largely by departments of education, and is divided into self-contained "subjects". Usually, little or no effort is made to relate the subjects to each other, to develop interdisciplinary concepts, or to relate these to the real problems of the students or of society. Instruction is teacher-dominated and relies heavily on group instruction based on a set text or texts. Individualization is accomplished, particularly at the secondary level, by a wide choice of electives, with computerized scheduling in an "open campus" type of school. But within the chosen classes instruction generally is group instruction with little or no student choice of materials or procedures. This type of schooling which, as Livingstone states, "... is preoccupied with getting more people into a particular type of educational setting, and with the extent to which they learn what they are intended to learn"[3] has many strong advocates, in the academic world, in business and among the general public.

At the 1971 CEA Conference, the keynote address by W.O. Twaits, Chairman and Chief Executive of Imperial Oil Limited, states:

> The obvious caveat is that public education should only be offered to the maximum level of the individual's capabilities if we are to satisfy the other criteria. Then by corollary, the process must become increasingly selective, rather than elective. I do not suggest that we can develop in our democratic society the rigorous and ruthless screening so effectively used by the Japanese and Russians. Yet if our affluent society has now concluded that major

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[3]David W. Livingstone, "Alternative Futures for Formal Education," Interchange Vol. 1, No. 4, pp. 13-27, 1970, p. 18.

improvements in our educational output must be achieved, then increasingly stringent selection and appraisal are inevitable.[4]

At the same conference, Bascom St. John, one-time education critic for the Toronto Globe and Mail, speaking on priorities in education, stated:

> Schools, it seems to me, were established, and ultimately are expected by society, to conserve and transmit to the rising generation the best that our heritage -- whatever its origin -- has produced. This might include such other traditions as we would add nobility and moral power to the human condition.
>
> Our problem, almost impossible to overcome, is that our teachers, on all levels and functions, have been corrupted along with the rest of us by unrestrained forces in society, with submission to the new mass media, with encouragement from irresponsible publishers and exploiters of the impulses of maturing youth.[5]

In another article, in Interchange, St. John has stated:

> The main problem for North American education is the general dislike for the demands of discipline. If it's hard, it's dispensable. This is one of the root reasons for the abandonment of standard curricula. It is not that the student is better off by studying what he likes and only what he likes; it is only that it is easier. By adopting individual course selection the schools rationalize laziness and glorify the inexperience of immaturity.[6]

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[4] W.O. Twaits, "The Management of Education," pp. 6-10 in Canadian Education Association, Proceedings '71 (Toronto: the Association, 1971), p. 10.

[5] J. Bascom St. John, "Priorities in Education," Education Canada 11:37-41, December 1971, p. 41.

[6] J. Bascom St. John, "The Indispensable Institution," Interchange, Vol. 2, No. 1, pp. 71-81, 1971, p. 77.

It is obviously unfair to quote these representatives of "Middle Canada" out of context. In other portions of their addresses they express liberal views, including more education for the underprivileged, the relation of education to life, and so forth. But basically they are conservatives and, with their many followers, yearn for the "good old days" of authority, discipline, selection and hard work, imposed from above -- the "hidden curriculum" of the traditional school.

It is difficult to estimate the general degree of support in Canada for the traditional structured system. Gallup polls on attitudes toward education in the United States show a strong conservative attitude on such matters as discipline and the teaching of the three R's. Recently, a survey of parental attitudes toward education in Ontario indicated a similar concern in that province, where more than half the parents thought that "discipline was too lax" and 85 per cent indicated that more emphasis should be given to reading, writing, and arithmetic.[7] Paradoxically, almost the same percentage of parents were highly satisfied or moderately satisfied with their children's education, in a province where the trend in the last few years, following the Hall-Dennis report, has been toward more "progressive" forms of education. Similarly, the parents' reactions show the same contradictions that were pointed out in Dr. Rocher's paper. They want conformity and discipline, and at the same time, expect the schools to stimulate creativity, initiative, the spirit of enterprise and the capacity for innovation. Students are expected to become involved and critical citizens, but teachers who introduce controversy in their classes are criticized as sources of revolution, and so forth.

The solution to this apparent dilemma is that parents want the best features of both systems. They want to retain the solid,

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[7] Environics Research Group, Quality of Education in Ontario: A Survey of the Parents' Perspective, conducted for the Ontario Department of Education (Toronto: Environics, 1972), pp. 82, 125.

but somewhat restrictive values of the traditional system -- in particular a hard core of basic skills, respect for learning, respect for others and self-discipline -- but to have the schools develop in the students the values of self-direction and independence, ability to think for themselves, and to adapt to changing conditions. They are, in effect, opting for the liberal reformist alternative.

The Radical Humanist Proposals

At the opposite end of the spectrum are the radical humanists whose chief advocates are what one educator has called the "unholy five" -- Illich, Reimer, Friedenberg, Holt and the late Paul Goodman. They all severely criticize formal schooling, and Reimer and Illich propose a rather nebulous learning network in which the students learn from "things, peers, skill models, and elders" instead of in institutionalized schools. Their criticism of the traditional closed school structure as the tool of dominant social and economic groups and the negation of true learning contains a good many unpleasant truths which have seriously affected the thinking and have been incorporated within the structure of the liberal reformists. Similarily, their observations on learning from things, peers, skill models, and elders, come so close to the observations of teachers as to how learning actually takes place that even the traditional schools are taking note of them. As Dr. Rocher's paper states:

> Ivan Illich proposes to replace a sterilizing form of education with a kind of free education whose purpose would be to favour creativity, personal initiative, the utilization of the resources of each person, and which would rest upon the fundamental solidarity existing between people who are interested in studying the same questions.[8]

While one cannot quarrel with the basic insights of the radical humanists, traditional educators, and particularly

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[8]Guy Rocher, What the Individual Expects of the School (Ottawa: Canadian Teachers' Federation, 1972), p. 16.

administrators, find it difficult to see how their plan "in toto" can be put into practice in a highly technical and urbanized society. The radicals would put the funds for education into the hands of the individual and not give them to institutions. Individuals then select the manner in which the funds may be used to secure the type of education they want. They obtain access to "things", and choose their own peers, skill models and elders, who would operate in the free market. Illich has suggested that a computer network be established for peer and skill model matching. Of this plan, Reimer states:

> Matching people on skills, interests, and availability can increase educational choices and decrease educational costs in proportion to the size of the base population. Computer technology removes almost all limits on this size, while communication and transportation technologies steadily increase the possibility of realizing the matches that the computer could indicate. A public utility designed to match human educational resources to educational needs would probably be self-supporting, once established. It might even become established with minimum public investment, but some experimental operation and testing would probably be required for such a utility to reach its full potential.[9]

One has to be skeptical that such a system would achieve its main object, to give greater access to real education to the under-privileged who get the least from the traditional schools. It assumes that the operators of the networks and those that supply education on the free market would all be idealistic, generous and free of self-interest. One has to be concerned, too, about the logistics of the system -- the question of transportation of pupils, places for peers and skill models to meet and the whole apparatus of an organization which is supposed to be a non-organization. It is difficult to believe that a new structure

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[9]Everett Reimer, "An Essay on Alternatives in Education," Interchange Vol. 2, No. 1, pp. 1-35, 1971, p. 34.

would not emerge essentially run by an elite. In this connection, a poem of Robert Frost has been quoted:

> I advocate a semi-revolution.
> The trouble with a total revolution
> Is that it brings the same class up on top.
> Executives of skillful execution
> Will therefore plan to go halfway and stop.
> Yes, revolutions are the salves,
> But they're one thing that should be done by halves.[10]

The Liberal Reform Alternative

The third alternative to be examined is that of liberal reform. It is clear from the preceding discussions where the opinions of the study lie. The traditional structured school system is too restrictive and closed off from society. The de-schooling plans are too vague and too radical for public acceptance. Even their sincere advocates admit that a social revolution would have to precede the introduction of their plans.

Yet a strong feeling exists that reform is necessary and that it should be a meaningful reform, and not, as a recent article in the Canadian Forum stated, simply a shifting about of articles in the same old box. What is called for is what for some would be a radical reformation of the traditional school structure, and of modes of instruction and learning. The ideas to be presented in the remaining part of this report have been drawn largely from the input of the study itself -- the basic papers, and the discussion of them at the two seminars by a group of people representing all interested parties in the educational community, from all parts of the country. Certainly, these ideas have been influenced by the thinking of others, expressed in the vast literature on educational reform that has appeared, particularly in the past ten years; and, as will be indicated, the study

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[10]Robert Frost, "A Semi-Revolution," The Poetry of Robert Frost, ed. by Edward Connery Lathem (New York: Holt, Rinehart and Winston, 1969), p. 363.

has found, after its conclusions were reached, that they were supported by similar studies and reports that have appeared recently in Canada, the United States and the international community.

Before setting forth positive statements on what should be done, the study will take a final look back at its established goals and examine briefly the present performance of the schools in relation to them. On the question of structure, the study has affirmed two systems goals -- equity and efficiency -- and the elaboration of them in Livingstone's operational goals -- participation opportunities, curricular relevance, curricular flexibility, effective participation and efficient participation. Participation opportunities and equity are closely linked. Full-time participation in our educational structure, apart from the short-term intensive job training programs of the adult manpower training program, is restricted mainly to youth. These opportunities at all levels expanded rapidly in the sixties, but the famous Coleman report[11] and a more recent study by the OECD[12] indicate that the relative position of the various income classes has remained unchanged. More people are getting more education, but those with economic, social or ethnic handicaps still remain at the bottom of the heap.

Curricular relevance and curricular flexibility in our traditional schools remain at a low level. Efforts to change amount largely to the addition to the program of "new" books and "new" courses. They do not change the essential structure. On the question of effective participation, both national and international studies have indicated a rather low level of

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[11] James S. Coleman and others, Equality of Educational Opportunity (Washington: U.S. Office of Education, 1966), 736 p.

[12] Centre for Educational Research and Innovation, Equal Educational Opportunity, 1, a statement of the problem, with special reference to recurrent education (Paris: Organisation for Economic Co-operation and Development, 1970), 47 p.

understanding of many things presumed to be common knowledge among a highly educated population and have shown that, in a particular subject like mathematics, there seems to be no essential difference in achievement as related to qualifications of teachers, length of study, and the topics covered. The report on Canadian studies in our schools already referred to showed the same results. Studies of the efficiency of participation showed the same disturbing lack of accomplishment both in the amount learned in relation to time spent and in relation to successful completion of different levels of study.[13]

The Needed Changes

More Flexible Educational Structures

The essence of the changes proposed to remedy these deficiencies can be expressed in these words -- freedom, diversity and flexibility in organization, content, and method -- to produce real effectiveness and efficiency in learning as contrasted with the superficial effectiveness of retention and the appalling inefficiency in terms of time spent and learning produced in our present schools; the whole intended to provide equality of educational performance in relation to ability as contrasted with equality of access. The overriding thought that the schools should be freed from their structural and instructional rigidity, while it may have been latent in the minds of many participants in the study, was first crystallized in Dr. Rocher's paper, the study's most fruitful source of new ideas. He states:

> It follows from what I have said that ideas long ago ingrained in us, opinions and situations long ago established, have to be called into question. For example, the belief has prevailed for a very long time that it was normal for a young person to pursue his studies without interruption for fifteen or twenty years or more. Today we must realize that

[13] Livingstone, op. cit., p. 21.

this was not a normal thing, but that it was rather quite abnormal. Only "exceptional" children could accept such a way of life and such a course of intellectual endeavour. What seems to be much more normal is that after ten or twelve or fifteen years of study, a young person should feel the need to interrupt his studies, to travel, to work, to take the air and break away, to encounter more real experiences and a less artificial environment than the school and the classroom. It becomes more and more clear, therefore, that the school system of the future will have to be modified so as to integrate some elements which up to now have remained outside it.[14]

Dr. Rocher continues with:

Thus, following the example of the Soviet and Chinese school systems, the school system of the future will have to establish a permanent liaison with the world of work. It would be much healthier for the student, more stimulating for his training, and probably also more effective in motivating him if he had the occasion to encounter concrete work experience at the same time as he pursued his studies. To this end a great number of formulae still have to be explored. Up to now we mainly had recourse to alternation between school attendance and work. But one could, for example, think of installing the school in a work setting, just as one already does for doctors, a large part of whose training takes place nowadays in the setting of a hospital, at great expense to the university and to society. What is done in medical training could also be put into effect at a much lower cost for training in a large number of other occupations and professions. And formulae of this kind would have to be devised for regular students as well as for those who are following in-service training, for there is reason to believe that in the future we shall move towards a less and

[14] Rocher, op. cit., p. 14.

less clear and rigid distinction between regular education and continuing education.[15]

The delegates to the 1971 Seminar referred constantly to this theme and included it in the last two of their imperatives, restated here:

1. Education and the world of work must draw closer together
2. Educational institutions must become more closely a part of their surrounding community (local, provincial, national, international).

As these ideas were being expanded and made more explicit, the same situation occurred as when a person is afflicted with what for him is a new ailment. Within days he finds dozens of other people who have the same ailment. Similarly, the study found corroboration for its ideas from a wide variety of sources, in Canada and elsewhere.

At the same CEA convention in which St. John and Twaits expressed their conservative views on education, Dr. Gerald Barbeau, then president of CEA, gave as his basic theme, "The School: A New Ecological Framework" and summed up with, "Some are claiming that the school is destined to disappear. In its traditional form, yes, it is destined to disappear. But the new school, as an 'ecological framework', interlocking with life, developing as life develops, will more and more become the centre of the city."[16] At the same convention Yves Martin, Deputy Minister of Education for Quebec, stated:

> It has at last become evident and unavoidable that the school and industry and the community will be obliged to devise rules for the common use of resources. This will break open their respective traditions and isolation. At

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[15] Ibid., pp. 14-15.

[16] Gerald L. Barbeau, "The School: A New Ecological Framework," pp. 14-20 in Canadian Education Association, Proceedings '71 (Toronto: the Association, 1971), p. 20.

> the same time, it will mean taking new directions, by making the school's wide potential available to the community, by industry and the community helping create new forms of learnings, by reducing or staggering the period of study and making it more meaningful in human terms. This would lead teachers and students, more than anyone else, to become involved and committed at the existential level of Quebec life.[17]

Without lengthening this report unduly by more quotations, it can be indicated that in Canada this theme is strongly supported by the Alberta report, A Choice of Futures; in the United States by a report for the U.S. Office of Education from the Stanford Educational Policy Research Centre entitled Alternative Futures and Educational Policy, by Dr. James E. Allan, former Commissioner of Education for the United States, in the 1970 Simpson lecture at Harvard, and by many other documents and practical experiments such as the Parkway Project in Philadelphia.

On the international scene, two major documents support the theme of more flexible educational structures -- a recent OECD report on Educational Policies and an even more recent (October, 1972) report of UNESCO's International Commission on the Development of Education.[18] The following quotation from the OECD report sums up international thinking on this subject:

> If educational structures are to serve individual development, entirely new structures for relating education to work are bound to emerge. The notion of educational structures which are based on an ever-lengthening period of continuous education cannot possibly survive an analysis of rational

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[17] Yves Martin, "Education and Quebec," Education Canada 11:30-36, December 1971, p. 36.

[18] Edgar Faure and others. Learning to Be: The World of Education Today and Tomorrow. Report of the International Commission on the Development of Education (Paris: UNESCO-Harrap, 1972), 313 p.

and satisfying individual life patterns. And since there are growing doubts about the social and economic functions of such an educational structure, the notion seems bound to give way to some form of "recurrent education" (taken up in Discussion Papers No. 1 and No. 3 and further developed in a CERI publication on "Equal Educational Opportunity -- A Statement of the Problem, with Special Reference to Recurrent Education").

Moreover, a corollary to this approach will be to accept the fact that education will no longer be the only institution in society with the responsibility for developing the talents of individuals. Industry and administration, all organisations and institutions, in fact, must play a more active role in promoting and using education for the personal development of those who participate in them. This in itself will lead to a vast change in the educational system, with the formal educational system as we know it today being the centre of a vast network of educational activities in the world outside. What, then, should be the relationship between such activities and the formal educational system? The answer will probably be that educational policy will become a coordinating policy for a wide range of educational activities in industry, the local communities, professional associations, and elsewhere.[19]

It is apparent that serious thinkers about education futures, at all levels of the educational structure and in all countries of the world, are in agreement that change, and rather fundamental change, is required in our thinking and action about schools and education. Is it a mere coincidence that all these reports and recommendations are coming out at about the same time,

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[19] J.R. Gass, "An Overview of Past Trends and Future Issues," pp. 31-56 in Organisation for Economic Co-operation and Development, Educational Policies for the 1970's (Paris: OECD, 1971), pp. 44-45

or are there some wider trends and developments in society itself that, when examined, produce the same reactions and recommendations. Education has been accused of being extremely slow in reacting to changing social conditions, but is this actually the case? The aristocratic selective system of education was ideally suited to the Agricultural Age. The modern "democratic" structured school system was the ideal vehicle for the development and support of the First Phase Industrial Society. But is it the proper vehicle for the Second Phase Industrial Society or the Alternative Humanized Industrial Society? Obviously not. The extremely rapid rate of change in technology virtually forces the idea of recurrent education, because workers must be trained and retrained throughout their lives. But there are other forces in society, some located within industry itself; these forces are in part a revolt against the inhumanity and moral neutrality of technology and in part a reaffirmation of the ideas of individuality and the "right to be different" that are asserting themselves and calling for a more flexible and less structured type of education. When these forces merge, the time for change has arrived.

The first aspect of the traditional system that requires drastic changes is the rigid selection and classification system, based on a fixed number of years of schooling and fixed types of programs in that period. In the past ten years, the school systems in Canada have gone a long way toward this goal by the abolition of external examinations, continuous progress programs, unit promotion at the high school level, and the like. The trend is accelerating rapidly, and for the first time wide cracks are beginning to appear in the hard shell of the traditional structure. But school attendance and performance in the school itself are still the criteria for access to higher levels of education and to work. With formal schooling as only a part, and in some cases a small part, of the total education of the child, entirely new and more flexible assessments of learning and performance have to be devised and used.

In a limited way, some of these needed changes have already begun. Most universities have adopted more flexible admission requirements for "mature students". The success of these, and the increasing mobility and selective attitudes of potential post-secondary students, are spurring the more widespread use of aptitude tests and recognition of work experience over formal credentials. Industry, too, is loosening up, beginning with the reluctant acceptance of "hard core unemployed" in the U.S. at the request of the government. They are discovering that unnecessarily high requirements for routine or deadend jobs, resulting in frustration and boredom, may in the long run be less productive than more realistic requirements. For "the public interest and safety" some types of final certification for some types of work will inevitably remain, but if equity is ever to be achieved, selection for the artificial maintenance of educational, economic and social power will have to disappear. Hopefully, this will come about through rational analysis and moral persuasion. But some types of discrimination through educational selection may have to be removed by human rights legislation, as was the case with the removal of educational restrictions on the power to vote in the southern United States.

Still, in the field of structure, the "recurrent education" theme will involve much wider use of community educational resources -- libraries, museums, service agencies, public groups of all kinds, extension courses and the private audio-visual media, some used casually by the students as individuals and some directly related to the core activities of the formal educational structure. In a sense, this is a return to the type of education that existed before the massive formal educational structure was built up in the past one hundred years. Closely related to the use of community resources is the development within the educational structure of resource centres for the more effective use of older educational aids and new educational technology. Learning resource units are now in use or being developed for school use and joint school-community use in various parts of the

country. Plans are being made to link them up with regional or even province-wide resource centres, using the coaxial cable and other communication devices. The potential for both in school and continuing education is enormous. Its possibilities are developed at length in the Worth Report, which concludes as follows:

> Obviously all four levels of this learning circuit -- Learning Resource Central, regional learning centres, learning resource units and home terminals -- will have the capacity and the potential to serve many more purposes than those just described. The Correspondence School Branch could expand into new fields; so could the Early Ed and Alberta Academy projects; the Alberta Teachers' Association could establish its long awaited Educators' Reference Service; further and continuing education projects would have the means of beginning comprehensive, province-wide programs; planning information systems could be piggy-backed on the circuit -- these are just a few of the educational purposes to be served. The host of other non-educational variations on this theme is left to the imagination of government agencies and private service industries.[20]

Much was said at both seminars about industry assuming a greater share of vocational education, particularly in the final training in specific skills. To carry this out is not quite as simple as it sounds, because many smaller industries are not capable of giving training, and in rural and remote areas, where there are not and perhaps never will be industries in which on-the-job training can be done, composite high schools or regional vocational schools may have to simulate industrial conditions and give the basic training in "clusters of skills" for students who of necessity must move from the rural to the urban areas to obtain work. Industry often says: "All we need is general education; we

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[20] A Choice of Futures. Report of the Commission on Educational Planning. Walter H. Worth, Commissioner. (Edmonton: Queen's Printer for the Province of Alberta, 1972), p. 262.

will do the rest", but when a person applies for a job the question is: "What can you do?".

Nevertheless, a marked change in attitude has taken place in the past few years. While many large, highly technical industries and businesses, such as the oil industry, communications and finance, have always conducted their own training programs, sometimes in conjunction with public authorities, many other industries are now prepared, in their own interests, to undertake the training of their employees. The Federal Department of Manpower has liberalized its rules and greatly expanded its financial assistance for on-the-job training of three types -- preliminary training for new industries; up-grading of skills in existing industries whose techniques are changing; and re-education and training for employees displaced or about to be displaced by technological change. Advantage can be taken of these new attitudes and policies to link education with industry and commerce by more serious and purposeful consultation and planning. Sandwich courses, less rigid apprenticeship plans, particularly in the service industries, and education given directly in the work setting, as is now done for doctors, are some of the possibilities.

To implement this flexible type of structure, cooperation is also required among now separate public agencies. The May 1972 Seminar, sponsored by the Canadian Teachers' Federation, in considering the financial implications of the four imperatives distilled from the 1971 seminar and, in particular, "the provision of the benefits of education to those in society who suffer disadvantage", recommended strongly that educators must pool their services with those of both public and private welfare and health agencies. Specific suggestions were made for the establishment of multi-service community centres where all the facilities available to disadvantaged children would be coordinated to produce the most economical and effective results for the person. The amount of duplication, waste, and ineffectiveness in even relatively small communities is unbelievable. In this case also, what is required is already appearing. At the 1972 CEA convention the C.E.L.D.I.C.

Report presented a plan worked out in Manitoba for just this type of coordination and cooperation.

In a different area, cooperation is also required between formal educators and other agencies dealing with youth and adults who are undertaking or who are in need of further education. At present, there is a great overlapping and duplication of counselling services between the educational institutions, provincial departments of labour, and the manpower and counselling services of the Federal Government. In recurring education, who will provide advice to the students in their non-school periods? Do we need a youth counselling agency similar to that in Great Britain or can the manpower service, now mainly interested in placing applicants in jobs or referring them to short-term training programs, be expanded to do these counselling jobs? Or can the school counselling services, with the assistance of trained social workers, expand their services into the broader community?

Redesigned Curriculum and Instruction

If the structure for public education develops in the direction mentioned above such a development would facilitate and perhaps require changes in the content and method within that part of the structure that still will be called the school. To the extent that learning outside the school becomes part of the formal process of education as defined by Livingstone, the content of learning inside the school may be quite different. Similarly, if education is to be continuing, recurrent and open-ended, the content should be determined and presented on the assumption that the individual will make recurrent use of educational facilities throughout a large part of his life. It is also obvious that freeing the school from the rigid structure in which it is now bound will provide significant opportunities for freedom in curriculum content and learning. Flesh could be put on the bones of the priorities expressed in the May 1971 seminar that educational institutions must be capable of flexible response to student needs and the benefits of education must be made accessible to those in society who suffer disadvantage.

On the question of individualization this section does not propose to give a digest of the extensive literature on the subject nor to repeat the observations of the Hall-Dennis and Worth reports. However, reference should be made to the first two of our basic performance goals -- the personal orientation of the student to life and the development of a broad concern for humanity, in educational literature more generally called "individual development" and "socialization". The two are closely linked, and are facilitated by the "open-ended" school structure. The schools -- that is, the formal schools -- are the main socializing instrument for society. The rapid changes in and to some extent the breakdown of other social institutions has placed an increasing burden on the schools to assume the socializing function. But a school remote from society and in whose operation the students have no effective voice will not do this; the open-ended school can.

It is important to point out the difference between individualization as a basic concept, and individualization as a set of techniques for instruction and learning. The more general concept "individual development" is the central integrating goal for all democratic societies, giving meaning and cohesion to all the others. Its relation to personal orientation to life and concern for humanity is obvious, for both are dependent on the development of autonomous and socially conscious individuals. While preparation for work is closely related to general economic development and efficiency, as an educational goal in a society where individuals without qualifications are social casualties, the development of the individual is paramount.

Finally, it must be recognized that "equal opportunity for all", which is the essential message of this report, cannot be and is not achieved by the school alone. There must be opportunities for creative individual development not only in the central schooling process, but at work, in leisure, and in participation in the social and political life of the community. All must be

linked together and fortified with formal and informal opportunities for education throughout life.

It is in the field of individualization as an instructional technique that we get on more shaky ground. The term is so broad that it can mean anything from a teacher in a conventional class knowing the students by their first name to learning experiences where the individual sets his own goals, determines his own content and procedure and entirely on his own initiative uses all the resources available inside and outside the school to achieve his goals. Overzealous proponents of individualization may be inclined to overlook the value of conventional classroom instruction, or of learning in groups with group determination of goals and procedures. There is also the danger that individualization can connote an atomistic type of education, with each individual treated as a statistical unit, working away by himself in his own cell with little relation to his peers or to his obligation to society. A more balanced view is presented in the Worth Report, which gives a summary of the three main modes of instruction: Mode I - Institutional (the present classroom process); Mode II - Membership (with group participation in goals and procedures); and Mode III - Autonomous (individual determination of goals and procedures), and the relative values of each for different circumstances and different individual needs.[21] A committee member has reported that the British primary schools, which have become world famous, use a flexible blend of the three "modes".

The word that best expresses the study's imperative that "Education must be capable of flexible response to student needs", is "personalization", rather than "individualization". In the earlier part of the study Dr. Rocher indicated that the school system should "find other ways towards a more personalized education".[22] Woodrow Lloyd made the same point when he stated: "If

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[21] Ibid., pp. 153-157.

[22] Rocher, op. cit., p. 18.

individuals are to 'be persuaded that they matter' they must in fact 'matter' in the school situation..."[23] When the word "individualization" is used in the remaining portion of this report, it means a shift in balance of instructional techniques, with more emphasis on the "membership" and "autonomous" modes of program operation, and with recognition of each student as a unique and precious person.

This study will not set forth the various techniques of individualization such as continuous progress, open schools, the use of technology to accelerate the process of learning in the basic skills, and others. The important thing is to release through recognition of the individual as an individual even a small part of the learning effectiveness that comes when individuals are learning what they want to learn. The study strongly rejects the idea expressed by conservative educators that individual selection and participation promotes laziness. Simple observation shows that the opposite is true. Observations of the extremely rapid learning made by motivated adult learners in crisis situations, of the learning that takes place outside the school in relation to personal hobbies and interests, and of learning in classrooms, schools and school systems where the students are "turned on" by real participation, all show how much can be done when the learner really wants it to be done. As slave holders learned long ago, and modern industry and modern education are just beginning to find out, free men are more productive than slaves.

The two CTF seminars strongly recommended that if individualization is to achieve its goal of more effective learning, it must be in effect throughout the whole school structure. Too often, continuous progress plans and other forms of individualized instruction are cut off at the end of the elementary school and die when the students reach the rigid structure of the "open campus" type of high school. Technically, it is difficult to

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[23] Lloyd, op. cit., p. 48.

individualize in a large comprehensive school other than by increasing the range of student options. But techniques are being developed for the establishment of "mini-schools" and for the use of technology and multi-disciplinary teams that can overcome these difficulties if the school authorities want to do so.[24] There is also no reason why the skill-matching and peer-matching techniques and tutorial instruction recommended by the radical humanists cannot be used in our high schools. Some schools, without labelling them as such, have been using them for years. Students can and do learn from each other and if they were involved in the whole instructional process from goal-setting to content determination and method of instruction, they could vitalize the whole learning process.

It is perhaps beyond the scope of this report to recommend that the same freedom of structure and instruction should extend upward to the university level. But if the conception of "open-ended" education is to be realized it must encompass educational activities at all levels, from pre-primary through the existing levels of education and beyond. As it has in the elementary and secondary schools, the revolution in educational structure and process has already begun at the post-secondary level. The "Open University" in Great Britain, the "University Without Walls" in the United States and Athabaska University in Alberta are examples of new institutions that are springing up as alternatives to the formal university structure. As every university head knows, students are becoming more selective, shifting to technical institutions and community colleges, or just staying away. The universities, of course, will continue to exist for the preservation and development of knowledge. Many students will want the uninterrupted study required in some disciplines or professions. But even the structured universities may have to

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[24] See, for example, D.G. Crawford and R.G. Ragsdale, "Individualized Quasi Instructional Systems for the 70's," Interchange, Vol. 1, No. 4, pp. 70-81, 1971.

"personalize" the instructional process and make their facilities more open to the community and to "recurrent" learners.

The preceding discussion has dealt largely with the improvement of learning in the conventional sense, the learning of the basic language skills including reading and writing, and the vocabularies and grammars of mathematics, the arts and the sciences. All shades of educational opinion agree that any process of education, structured or non-structured, must achieve this "hard core" of basic learning.

But one must also ask how, if at all, can the non-measurable objectives of independence, self-direction, initiative, freedom and responsibility be developed in the schools? The only general answer is that the students be given far more opportunities than they now have to develop these qualities by actively using them in the total process of their education. It simply boils down to good teaching. Good teachers can and do develop these qualities along with serious learning. In fact, serious learning improves and is more effective, if it is accompanied by student involvement in a wide range of other activities that may have little relation to formal content of the curriculum. But some are skeptical. Carl Bereiter, in his article "A Proposal to Abolish Education,"[25] is of the opinion that these general goals cannot be achieved by teaching in schools for more than one in five students. He would restrict goals for the regular schools to what are essentially learning goals and leave the broader educational goals to learning outside the schools, not as education per se but as a part of daily living. But in saying this, he reaffirms the position that education should encompass the whole range of learning activities inside and outside the school. Communities vary. Some have a broad range of learning resources,

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[25] Carl Bereiter, "A Proposal to Abolish Education," pp. 62-70 in Brian Crittenden, ed., Means & Ends in Education: Comments on Living and Learning (Toronto: Ontario Institute for Studies in Education, 1969).

others in remote rural areas where all the children are transported have virtually none. In these cases even Bereiter indicates that the school must be the agency for the child's creative as well as his routine learning

CHAPTER EIGHT

PERSPECTIVE

Prior to summing up its conclusions, and facing the ultimate question as to how and by whom decisions are to be made to implement them, this report now takes a look back at its original commission, and presents a general outline of its structure. Originally, the report intended to seek out a relatively simple statement of the prevailing concepts of what individuals and society require of the educational system. As stated in the preface to the report, this was to be part of an overall study which would include an examination of public responsibility for the financing of education and the eventual development of a rationale for education finance.

The first part of the study -- the so-called "demand side" -- almost from the beginning took on much wider dimensions. The basic papers by the late Woodrow Lloyd and Dr. Rocher, commissioned to determine the needs and demands of society and the individual, respectively, considered these needs and demands in relation to the whole problem of social change. Similarly, when the May 1971 seminar discussed the issues arising from the basic papers, it too developed into a forum for the discussion of

educational reform. It made recommendations on all aspects of the educational structure which were published in the seminar report and summed up in the four imperatives set forth in the preface, and referred to constantly in this report.

The report, however, felt bound by its original commission, and from the great abundance of recommendations, attempted to distill the goals required for the study of the "supply side" and the development of the "rationale".

The eventual structure of this report, therefore, included a consideration of four main areas:

1. The historial background
2. The search for goals
3. The examination of alternatives
4. The emerging educational structure.

This concluding section could take the usual form of a digest and summary of the analysis and conclusions of the report. However, another course has been chosen. It attempts to discover a few constants based on social reality which can illuminate and tie together the whole structure.

Throughout the study it became increasingly apparent that the two basic realities in society and in education today are conflict and change -- conflict of opinion on goals, values, structures and methods; change taking place in society at a rate more rapid than in any other period of human history. The simple recognition of the realities of conflict and change do not help the study. An examination of their implications can do so. The only way that conflict can be resolved, short of actual warfare, is through the recognition and acceptance of diversity. Similarly, the essential ingredient in allowing change to come about is flexibility. In diversity and flexibility, the study may have reached the common denominator of individual and social demand it has been seeking from the beginning.

Diversity or flexibility or both are essential to the implementation of the four essential goals presented in this report. Personal orientation to life (of which preparation for

work is a sub-goal) means not only orientation to the student's own inner life but orientation to life with others, to leisure, to work, and to the fact of change itself. Individuals are unique, and cannot be standardized.

The development of concern for humanity, similarly, can only be achieved through the recognition of diversity. All the present violent conflicts, and most of those in the past, have arisen because one side considered its goals and structures to be "right" and those of the other side "wrong". A recent issue of a popular magazine contained an article on "The Greening of the Astronauts". Many of these rather cold-blooded technicians, looking at the world from the perspective of the moon, have recognized the insignificance of the current division of thought and action, and come to the conclusion that the problems of the world are indivisible and can only be solved by concerted human action. Schools cannot take their students to the moon but they can try to achieve the same perspective.

The third goal of equity -- equal opportunity for all -- means a different opportunity for each child. It cannot be provided through the school alone, but only through the flexible use of all the resources of society.

In trying to achieve efficiency, it is probably a good thing for educators to look objectively at their structures and processes, and to devise and use more precise measures of output. Some decisions on routine procedures will be made on the basis of hard facts. But more complex decisions, where the results escape objective quantification, will inevitably be made on value judgements, which will differ from one group, community or political subdivision to another.

Diversity and flexibility can also be used as the yardsticks for evaluating the alternatives examined in this report. While traditional schools are rapidly changing, far too many of them still suffer from lack of flexibility in organization, content and method. Perhaps the greatest weakness of the "structured" system was that by broadening and lengthening the schooling

process it attempted to provide diversity wholly within the school structure. By taking on the whole job of individual, social and economic development, and ignoring powerful educational influences outside the school, it has become overstructured and top heavy and has hastened its own demise.

At the opposite end, the radical humanist alternative seems to provide for too much flexibility and diversity. It would appear that many students might slip through its rather loose learning network and receive no basic education at all.

It is obvious that this report favours the liberal-reform alternative, as the one in which diversity and flexibility can be best expressed. It must be said here that the purpose of diversity is to recognize and resolve differences, not to compel change. The emerging structure must have some roots in the old, and must contain elements still overwhelmingly required by the public, such as the equipment of children with the basic learning skills, and the development of the simple values of achievement through work -- whatever type of work the student may choose -- the search for truth, and respect for the rights of others. On the other hand the new structure through flexibility must permit the development of new forms and procedures to meet the needs of a changing society.

The essence of the new forms and procedures, already discussed in some detail in the previous section of the report, are:

1. The breaking up of the monolithic educational structure, and the emergence of a lifelong process of education in which the individual learns what he wants to learn at the time and in the manner required to meet his individual needs.
2. The maximum utilization of all educational resources, in schools, in the community and in the world of work.
3. Coordination of the services of all public agencies that directly or indirectly contribute to the

particular needs of youth, and the general educational needs of all persons.

4. The release of student power through variety and flexibility of teaching modes, and through the personalization of instruction at all levels of the educational process.
5. The improvement of society by the action of autonomous individuals with an understanding of the choices faced by society and with the power and will to make the changes that must be made.

CHAPTER NINE

DECISION-MAKING

If the new educational structure is to emerge, stressing diversity and flexibility, decisions must be made at all levels to allow it to emerge. Decisions on the broad goals of equity and economic efficiency and the general allocation of economic resources to education can only be made by the provinces, sometimes in conjunction with the Federal Government through the political process. The provincial authorities must make the decision that education is to be continuous and open-ended and that each individual has a claim to education, which in principle he may choose to fit into his own life style and his preferences for patterns of work and recreation. The decision must also be made that flexibility of structure, content and method is to be permitted. But these general decisions based on the social consensus can only be implemented by translation into specific forms of school practice.

The decisions on specific goals and practices depend on the creative participation of teachers, parents and students in the framework of their local schools, communities and universities. The "governing" bodies of school boards and university

boards of trustees, with their administrative employees, must be involved, for without their active support no change can take place. Finally, the community as a whole must be informed and consulted, for they are the final judges on the all-important questions of finance and general policy. Both seminars stressed the importance of community involvement, through school councils, forums, and other devices. The need for community participation is clearly perceived, but its techniques, like those of the new educational structure itself, are still in the process of evolution.

The process of change will require planning, adjustment and re-adjustment on the part of all concerned over varying periods of time. The implications for teacher education and re-training are far-reaching, since teachers must not only take part in the planning process but be the main agents for making the changes effective. In a flexible school structure, teachers too must be flexible. This was emphasized at the May 1971 seminar which recommended that "teacher education should emphasize and evaluate the ability of teachers to adapt, to work with groups, to work in conflict situations, and to handle inter-personal relations."

The changes suggested in this report are not utopian. They are in fact taking place in varying degrees all over the country. Large city school systems already have optional structures and programs within the system -- some traditional, some progressive, some almost completely free. The instruction in many schools is diversified and creative. Bold experiments in recurring education are being made in many of our post-secondary institutions.

The basic concern of the study is for the future of the public school system and its financing. Only an evolving and changing school system grounded in equity and achieving efficiency through dynamic participation by students and teachers can meet the challenge.

ACKNOWLEDGEMENTS

While much of this report was based on the background papers and conference reports of the Project itself, use was also made of a wide range of current Canadian and international literature on educational goals and structures. This literature includes papers given at the 1971 and 1972 conferences of CCRE and CEA, addresses by CTF Secretary-General Norman Goble, and articles on educational reform and educational futures which appeared in Interchange and The Canadian Forum. Works such as Reich's The Greening of America and Rozack's The Making of the Counter Culture were consulted for additional information on the ideas of the young.

Particular credit is given to Everett Reimer's article, "Alternatives in Education", in Volume 2, No. 1 of Interchange, to the OECD Bulletin Educational Policies for the 1970's and to the report of the Alberta Commission on Educational Planning, A Choice of Futures, which appeared in July 1972, after this study had reached its major conclusions.

PART II

RESTRUCTURING THE FINANCING OF EDUCATION TO MEET EMERGING NEEDS

WILFRED J. BROWN

CHAPTER ONE

THE CASE FOR PUBLIC SUPPORT AND PROVISION OF EDUCATION

Part I of this Project was concerned with the demand for education and the identification of the broad characteristics of an educational system which would fulfill the needs and aspirations of the individual and satisfy the requirements of society. This exercise was carried out largely in abstraction from constitutional, political or economic constraints or limitations.

Part II of the Project has the objective of identifying and examining principles underlying the procedures and mechanisms for satisfying the demand for education, in general, and of exploring alternative ways of restructuring the financing of education to better achieve the ideals identified in Part I. This will, of necessity, be a less esoteric exercise than the former and this fact may help to explain why the major portion of the Project has remained focused on the needs and goals of education rather than on how they can be attained.

Education finance is a special application of the science of economics which may be defined as the way in which we use our limited resources to attempt to satisfy unlimited human desires. In the broadest sense, therefore, Part II of the Project deals

with the framework of limitations or constraints within which we must pursue the ideals identified in Part I.

In particular, it will examine principles underlying the financing of education in Canada, identify major trends in the way funds are being raised and spent for education at this time and, finally, explore some alternative strategies for change which seem consistent with the underlying principles of public finance and with the nature of the demand for education identified in Part I of the Project, and which seem capable of implementation within our federal system of government.

Following this introduction, the present chapter examines the demand for public services such as education and the reasons why they must be financed and, in most cases, provided by government. Since a federal system of government is characterized by constitutionally defined and decentralized spending responsibilities and revenue-raising powers, Chapter 2 will deal in some detail with the political and economic costs and benefits of decentralization and analyze the underlying causes of the centralizing trends which have developed in recent decades. This will be followed, in Chapter 3, by a discussion of the possibility of finding an "ideal" distribution of spending responsibilities in a federal setting. Chapter 4 will consist of a discussion of some of the principles underlying the development of equitable and efficient taxes and tax systems.

Within the conceptual framework established in the first four chapters, it is proposed to explore in Chapter 5 the alternative types of financial arrangements necessary to preserve the advantages of decentralized spending power essential to the survival of the Canadian federal system and, in particular, to the achievement of some of the goals of education which require diversity, while at the same time reaping the revenue-raising and redistributive advantages of greater centralization. Following an examination of major trends in the way funds for education have been raised, distributed and spent in Canada in recent decades (Chapter 6), the paper will conclude with an exploration

of alternative strategies for restructuring the financing of education. Every effort will be made to focus on strategies which are consistent with, and which enhance, if possible, the aims of education which were identified in Part I of the Project.

Public Wants

The purpose here is to discuss the nature of public wants and to demonstrate why they must be financed and, in most cases, provided for by governments.[1] In addition, elementary and secondary education will be clearly established as satisfying a special type of public want.

In most western democracies the satisfaction of the various demands for goods and services is left to the pricing mechanism in relatively free markets. Through a wide range of activities this mechanism works reasonably well in allocating scarce resources among competing ends. There are, however, a number of conditions which arise, particularly in an industrialized society, where the market fails to secure an optimal allocation of scarce resources. Important among these situations is monopoly control where the inherent nature or organization of an industry prevents free competition. This source of market imperfection is most commonly dealt with by legislation to control industrial organization or to regulate the production and pricing policies of the industry involved.

A second source of imperfection in the pricing system arises from the fact that as societies become more complex, the welfare of any one person becomes more dependent on that of all others. This growing network of interdependencies is caused in part by the fact that, as private firms attempt to satisfy

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[1] One of the most influential writers in public finance in the last two decades has been Richard A. Musgrave. The discussion in this section of the paper is based in part on Musgrave's ideas about public wants. See Richard A. Musgrave, The Theory of Public Finance (Toronto: McGraw Hill Book Company, 1959) 628 p.

private wants, they generate social gains and losses which are not accounted for in the market, so-called externalities or spill-overs.

A classic case of cost spillovers involves a steel mill or a pulp mill which pollutes a nearby community's air and water supply. Air and water pollution inflict social costs on the community in question, yet no private costs on the firms creating them. To the extent that each person's welfare depends on that of all others, the satisfaction of all private wants involves gains and losses which are not accounted for in the market. Depending on the nature and severity of the inefficiencies which arise from the spillovers of costs, remedies again involve legislative action rather than public provision.

We have only dealt, thus far, with the case of imperfections in the market for private wants, chiefly monopoly power and spillovers. In order to correct these situations and achieve an allocation of resources more in line with societal preferences, the appropriate action consists of legislative controls. The major justification, however, for public intervention in the allocation of resources is in cases where the market mechanism either fails altogether or where there is a political consensus that consumers would not choose to spend enough for a service if it were left to the market mechanism.

Social Wants

Social wants are those which are satisfied by services which are equally available to all citizens and which are therefore thought of as being consumed in equal amounts by all. Notable examples are public parks and national defense. Since people cannot, for practical reasons, be excluded from enjoyment of the benefits of these services they cannot be induced to make voluntary payments for them. In short they will not reveal their true preferences for these services, at least not through a pricing mechanism where they vote by bidding with dollars. A political process must be substituted for a pricing system and any individual citizen must live with the group decision, just as he must

live with the common price set in a market mechanism. However, while an individual may consume varying amounts of a private good or service, or none at all, at the going price, the same amount of a public good or service must be accepted by all.

Education does not satisfy the strictest definition of a service which satisfies a social want because it is not automatically available to all nor consumed in equal amounts by all. Moreover, people can be excluded from the benefits of education by a pricing system. In short, education is not, in the strictest sense, a public good.

To the extent, however, that there are broad social, political and economic benefits to all citizens arising from the exposure to a basic amount of education for every individual, education does meet the definition of a service which satisfies a social want. While all levels of education satisfy both private and social wants, it is usually assumed that the social benefits are relatively less than the private benefits from each successively higher level of education.

Merit Wants

Unlike social wants which cannot be satisfied by a pricing mechanism, so-called merit wants can be met by the market because people can be excluded from the services which satisfy them and thereby induced to make voluntary payments. The rationale for public involvement in the satisfaction of merit wants is that individuals, if left to make free choices, will not consume enough of the service involved because a large proportion of the benefits derived are social rather than private. Here, in part, is what Musgrave, who developed the term "merit want", has to say on the subject:

> Such wants [merit wants] are met by services subject to the exclusion principle and are satisfied by the market within the limits of effective demand. They become public wants if considered so meritorious that their satisfaction is provided for through the public budget, over and above what is provided for through the market and paid for by

private buyers. Public services aimed at the satisfaction of merit wants include such items as publicly furnished school luncheons, subsidized low-cost housing and free education. Alternatively, certain wants may be stamped as undesirable, and their satisfaction may be discouraged through penalty taxation, as in the case of liquor.[2]

The case for public support or provision of merit wants is not as strong or unequivocal as that for social wants. Supporters of complete individual freedom might argue that public interference in the satisfaction of wants which could be satisfied privately is an unwarranted invasion of consumer sovereignty in a democratic society and should therefore be disallowed from the public sector.[3] This position does not stand up for several reasons.

In the first place, there are several services, notably education and health services, which are on the borderline between private and social wants. Individuals can be excluded from the private benefits but not from the public benefits. Everyone benefits from living in a better educated and healthier community. Secondly, there are grounds for interference in consumer sovereignty on the grounds of enlightened leadership based on wider or superior knowledge. It seems that this is a somewhat doubtful argument, which could lead to public wants being determined on an authoritarian basis, but here is what Musgrave writes about it:

> While consumer sovereignty is the general rule, situations may arise, within the context of a democratic community, where an informed group is justified in imposing its

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[2] Ibid., p. 13

[3] Milton Friedman is the best-known current writer who tends to support this position. It is Friedman who is often credited with the idea of educational vouchers as a means of restoring free market competition and consumer choice to education while still providing public financial support.

> decisions on others. Few will deny that there is a case for regulating the sale of drugs or for providing certain health facilities. The advantages of education are more evident to the informed than to the uninformed, thus justifying compulsion in the allocation of resources to education; interference in the preference patterns of families may be directed at protecting the interest of minors; the freedom to belong may override the freedom to exclude, and so forth.[4]

From the preceding discussion it is apparent that while education is a service which could be provided by means of a pricing system, it delivers sufficient social benefits to justify its major financial support and provision by government.

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[4] Ibid., p. 14

CHAPTER TWO

THE CONFLICT BETWEEN DECENTRALIZATION AND CENTRALIZATION

A unique feature of the federal form of government is a constitutionally defined division of spending powers and revenue sources between the central government and the second level of regional, provincial or state governments. The degree of "centralization" or "regionalization" of these responsibilities and powers depends primarily on the groups which negotiated the federation. In addition to the economic, cultural, religious and linguistic interests which they represent, the founders bring to the original negotiations their biases concerning an appropriate degree of centralization or regionalization based on their view of the level of government best suited to administer the selection of public services provided in their own time. The division of spending and taxing powers which evolves subsequent to federation is determined by the historical, political and economic influences which successfully forge constitutional amendments and judicial interpretations in later generations.

It is appropriate to take an overview of the major political and economic factors which bring about decentralization of spending powers and revenue means, followed by a discussion

of the problems and difficulties arising from such decentralization, with specific reference to education. Following this exploration of some of the major political and economic benefits and costs of a decentralized system of government, an attempt will be made to determine where along a spectrum extending from extreme decentralization to extreme centralization one would expect to find the "ideal" distribution of spending responsibilities. (Chapter 3)

The Case for Decentralization

Political Arguments

Perhaps the strongest case for decentralized authority, spending authority in particular, can be made on grounds of political expediency. Historically, federal unions and the decentralization which is characteristic of them, represent the only compromise which makes possible the union of diverse geographic, racial and cultural entities. Secondly, in contrast to a unitary system of government, a decentralized federal system provides for a dispersal of political power which makes action highly visible regionally and locally, so that elected officials can be held accountable for decisions and penalized for uncertainties and mistaken judgments.

Thirdly, decentralization makes difficult the dictatorship of a simple majority, particularly the permanent dictatorship of one region or authority over the whole nation. It provides a set of checks and balances against any one group obtaining too great a control over the decentralized function. The dispersal of control over education in Canada, for example, has ensured that major issues will not be settled by a single national majority. Under a highly decentralized system of education, if a citizen does not like the practices of his local school board, he can take his children to another school system. Moreover, if he finds himself at odds with the educational policies laid down for the entire province, it is possible for him to move to another province where educational policies

are more in keeping with his own ideas about the kind of education his children should receive. The higher the degree of centralized authority, the less able the citizen is to avoid what may be, in effect, the dictatorship of the simple majority. In education, the right of the citizen to have a voice in running his local schools and to a high degree of choice have been important aspects of traditional North American political ideology.

Fourthly, because it provides a variety of approaches to provision of given public services, decentralized decision-making may offer a better hedge against uncertainties and mistaken judgments. This may be particularly important in the case of services, such as education, where the costs and gains from alternative programs are highly uncertain and resistant to precise measurement and evaluation.

> People often believe that experts should identify all our long-run goals, figure out the best educational program to achieve those goals, and provide this program to all pupils having appropriate abilities. Yet the main goal should probably be to provide adaptability, to hedge against uncertainty about goals, future technology, and the future environment in general. The probability is high that the judgment of any one group about the "right" educational program will be a mistake. A multiplicity of judgments is more likely to include good decisions and to preserve or invest valuable features whose value cannot yet be perceived.[1]

A final important political argument in favour of decentralization is that local government is the foundation of democratic government -- democracy at the grassroots. It is at the local level where the individual citizen is best able to be informed, to be heard and to exert his unique influence.

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[1]Roland N. McKean Public Spending (New York: McGraw-Hill Book Company, Inc., 1968) 168.

This is not a complete list or a full discussion of the political arguments for decentralization. There is room for disagreement on their selection and relative importance. The essential point is that the rationale for, and the overriding advantages of, a federal structure of government are political. If there were no strong case to be made for decentralized political authority, there would be no case for a federal system of government other than that it provides the expedient compromise without which there would be no nation.

Economic Arguments

The major economic argument in favour of multiple decision-making units concerns the satisfaction of local tastes and preferences. A large number of decision-making units enhances the possibility of satisfying individual preferences and of maximizing total welfare. People who like the same things tend to group together and, conversely, people who have been born and raised in the same community tend to develop a similar pattern of preferences for public services. When there are many decision-making units and a high degree of mobility, people are provided with a degree of consumer choice for public goods approximating that for private goods in a free market economy.[2] In short, they can "vote with their feet", if necessary, to find the package of public services they prefer in the same sense that they can switch from one store to another to satisfy their preferences in private consumption.

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[2]One of the earliest and best discussions of a system of local governments as an approximation of a free market for public goods is Charles M. Tiebout, "A Pure Theory of Local Expenditures", Journal of Political Economy, 64 (October 1956) 416-24 See also George Stigler, "Tenable Range of Functions of Local Governments" in Joint Economic Committee, Sub-committee on Fiscal Policy, Federal Expenditure Policy for Economic Growth and Stability, (Washington, D.C., 1957) 213-19.

Costs of Decentralization

If there is a strong case for decentralization of public decision-making on both political and economic grounds, the question arises as to why the traditional North American ideology favouring a high degree of local autonomy appears to be losing strength. Moreover, why has there been a centralization or concentration of spending and decision-making in recent decades? A full investigation of the political aspects of this question, reasons for the apparent decline of citizen interest and participation in particular, are beyond the scope of this study. However, a partial answer to the question will emerge from an examination of the costs of decentralized decision-making.

Production Costs

The major disadvantage of multiple governments in terms of the production or delivery of public services is that some local or regional units may not be large enough to attain the lowest feasible unit cost of production. Certain services rendered by provinces or local authorities may be decreasing-cost industries in the sense that it may be possible to reduce unit costs by producing higher outputs per period than can be absorbed locally. When such production functions exist, the possibility of establishing larger units of production must be considered and the advantages in terms of lower unit costs weighed against the political costs in terms of local autonomy. Very little is known about specific costs associated with alternative production functions in education. However, the disappearance of small rural schools and the consolidation of school boards in all Canadian provinces provides dramatic evidence that there have been perceived economies of scale in the delivery of educational services.

Allocative Inefficiencies

The major concern here is with distortions in the demand for and consumption of public services when government organization is highly decentralized. Most of the costs of

decentralization in this sense stem from interdependencies. If the decisions and actions of each community or region affect only that jurisdiction, then it is difficult to justify interference by a higher level of government. When, however, decisions made in one jurisdiction affect the costs and gains in other jurisdictions, interdependencies arise and their existence constitutes the economic rationale for interference by a central government.

It should be noted that this discussion abstracts from traditional or constitutional constraints upon the involvement of higher levels of government in the affairs of lower governments. Our concern here is with the existence of interdependencies and the inefficiencies to which they give rise, not with the institutional obstacles to greater centralization, such as might be posed by traditions of local autonomy in education or by the British North America Act. The history of intergovernmental fiscal relations in Canada suggests that once the economic case for involvement by higher governments is established, institutional constraints simply tax the ingenuity of politicians and officials in finding ways to overcome or circumvent them.

The underlying cause of interdependencies among regions and among communities is the fact that people, effects and things move from place to place. As societies modernize and industrialize, improved communication and transportation networks result in still greater mobility, of people in particular, resulting in an acceleration of interdependencies. The more people move about, the more widespread will be the concern for the state of health, education and general welfare of people in other communities and regions. Thus, mainly because of mobility, social conditions and effects such as poverty, crime, disease, benefits and tax impacts in one community become more and more the concern of people in all communities. In addition, the fact that industrialization has resulted in air and water pollution and these undesirable effects influence jurisdictions beyond those where they originate, creates an additional type of interdependency, noted earlier in connection with market failure and government intervention.

The existence of interdependencies among multiple regional and local authorities gives rise to several kinds of inefficiency in the allocation of resources. The most important of these is the problem of spillovers or externalities. When benefits from provision of a public service accrue to people outside the jurisdiction providing them or, conversely, when some of the costs are borne by people in other jurisdictions, it is probable that too little or too much of the service will be produced.[3]

A related difficulty stemming from multiple government authorities arises because individuals and firms may have an economic incentive to change location so as to increase externalities. They will tend to locate where they can reap the benefits but avoid the costs of services provided by others. For example, the conditions of poverty, overcrowding and pollution found in some large cities have induced many people to move to the suburbs, thereby retaining the advantages of working in the city but avoiding unpleasant living conditions and the costs of dealing with them. While there are a variety of responses which local authorities may make, including payroll taxes, most of these measures will tend to induce still further reactions of people and firms attempting to reap benefits and avoid costs. The only possibility for a stable solution may be action by a senior level of government which is in a position to internalize the externalities.

Dynamic Imbalances Between Aggregate Spending and Revenue-Raising Powers

While spending responsibilities and revenue sources may be roughly in balance for the senior levels of government when a federation is negotiated, it is unlikely that they will remain

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[3] For an excellent discussion of externalities associated with spending for education see George F. Break, Intergovernmental Fiscal Relations in the United States (Washington, D.C. The Brookings Institution, 1967) Ch. III.

in balance over any substantial period of time. Social and economic conditions change and, with these changes, the priorities for desired public services also change.

In addition, the relative importance of various sources of revenue wax and wane. This problem is not as serious in a unitary state, where the central government can alter spending patterns and tax structures at will, as it is in a federal state, where the original division of powers, particularly spending powers, between the central and regional governments is closely guarded.

Imbalances between spending responsibilities and revenue-raising powers have become particularly apparent in Canada in recent decades. Between 1947 and 1967 federal expenditure on goods and services increased only from 4.8 to 6.9 per cent of gross national expenditure while expenditure of provincial-local governments rose from 6.9 to 13.0 per cent. These statistics provide evidence of the dramatic increase in demand for such services as education, health and social welfare. Total spending for education increased from 2.7 per cent of GNP in 1947 to approximately 8 per cent in 1967. The reason for this development has been mainly expansion of numbers: more children staying longer in school, requiring more plant, equipment and teachers. There have also been expensive changes in the nature of the services: greater complexity and diversity of programs and courses requiring more highly trained personnel and more sophisticated equipment and other resources.

In an attempt to meet the heightened demand for education and other provincial-local responsibilities, rates of old taxes have been raised, bases have been enlarged and new taxes have been added. Despite these measures, the pressure to enlarge the spending of these governments exceeded their ability or their willingness to increase tax yields from their own sources. Evidence of this situation is the rise in intergovernmental transfer payments in Canada, federal-provincial and provincial-local, which increased from $300 million in 1947 to $4,157 million in 1967, or from 7.8 to 19.5 per cent of total government spending.

There are several reasons for the apparent failure of provincial and local revenue sources to keep pace with the spending of these levels of government. The main reason is that the yields of the major provincial and local taxes do not respond well to normal growth in the economy. This fact can be illustrated by comparing revenue elasticities of the major taxes in Canada with respect to gross national expenditure over the period 1933 to 1965. The revenue elasticity of wealth taxes, primarily the real property tax on which municipalities rely, was 0.87 while that of consumption taxes, on which the provinces rely, was 1.12. The revenue elasticity of income taxes, which are exploited mainly by the federal government, was 1.66. The higher revenue elasticity of income taxes is explained by changes in income distribution profiles and by the degree of progression in rate structures.

The revenue-raising ability of provinces and localities is further hampered by competition with other jurisdictions for relatively mobile individuals and businesses. To the extent that the lower levels of government are competing with each other by offering various mixes of public services in return for various types and levels of taxation, any one of them is limited in its freedom to act independently. If a jurisdiction raises existing taxes or imposes new ones it may drive away some individuals and businesses.

High quality services supplied without charge to specific users tend to create their own demand. For example, high standards of welfare aid or superior public schools attract additional families who may add more to costs than to revenues. The extra burden of taxes to pay for such superior services may drive some persons and businesses to move to other provinces or communities. To the extent that the increased taxes finance benefits accruing primarily to lower income groups, those persons and businesses driven out will have relatively high tax-paying capacity. The provinces have somewhat greater freedom than localities to vary tax rates and impose new taxes without fear of inter-provincial competition. However, they are not entirely free from this

hazard. In general, then, inter-provincial and inter-locality competition for business and for wealthy residents curbs provincial and local initiative for raising existing taxes or developing new and better tax bases.

Another circumstance which tends to hamper municipalities or communities and, to a lesser extent, provinces in raising additional tax revenue is the greater visibility of property and sales taxes and, hence, the greater political impact of opposition exerted closer to home. Local opposition is less likely to manifest itself, for instance, in the case of a rise in the federally administered income tax than in the case of a municipally administered property tax. Until recently such limitations on the revenue-raising capacities of localities and provinces have most acutely affected the financing of elementary and secondary education, which depended heavily on the property tax. In short, that public service which has grown most rapidly has been closely tied to the revenue source which politically has been most difficult to exploit and whose yield has been least responsive to the growing economy. It is not surprising, therefore, that most of the growth in intergovernmental transfers has been induced by, or directly attributable to, expansion in spending for elementary and secondary education.

Distributional Inequities

Another problem associated with a decentralized form of government organization arises because of differences in levels of real income among provinces and among localities within provinces. Jurisdictions with relatively low levels of real income must levy heavier tax burdens on their citizens to provide a similar standard of public services to those provided in wealthier communities. To the extent that the prevailing ideas of social justice or political expediency require alleviation of this situation, a redistribution of tax revenues is required. The problem of differential tax burdens to provide similar services is aggravated by the fact that municipalities of low income have a need for higher services, particularly for higher social

services. There are Canadian provinces and communities where provincially or locally generated personal incomes are scarcely sufficient to support minimally acceptable standards of private consumption, let alone permit adequate support of such services as education. The long-term solution to the self-perpetuating cycle of low quality physical and human resources, low incomes and inadequate public services may be either out-migration or comprehensive regional development schemes to raise growth rates and bring the factors of production, labour in particular, into line with standards elsewhere in the nation.

It is not the purpose of this study to evaluate the success of federal redistribution programs. An examination of changes in observed provincial income levels, however, suggests that, collectively these schemes have not succeeded in narrowing the inter-provincial gap in wealth to any substantial degree. In 1950 the personal income per person in the poorest province was 51.0 per cent of the national average while that of the richest province was 122.3 per cent. By 1970, the corresponding percentages were 63.9 and 118.1. At this rate of speed in closing the gap, it will take until about 2025 for the poorest province to reach even the national average of personal income per person.

CHAPTER THREE

IN SEARCH OF AN IDEAL CONSTITUTION

The discussion in Chapter Two identified some of the major political and economic costs and gains associated with decentralization and centralization in a federal system of government. No attempt was made to determine where along a spectrum extending from extreme decentralization to extreme centralization one would expect to find the "ideal" distribution of spending responsibilities. The purpose here is to explore the following normative question: How should the spending responsibilities for public services be distributed among levels of government in a federal state? Unfortunately, this can only be done in economic terms.

It must be acknowledged that to isolate purely economic factors from all of the other influences which give rise to the political compromise which is a federal union is both arbitrary and unrealistic. While economic considerations have undoubtedly influenced the division of political authority in Canada, for example, it would be overstating the matter to suggest that they were of overriding importance. It is obvious that cultural and linguistic divisions and geography were of greater importance.

It is useful, nevertheless, as an academic exercise, to take a purely logical approach to determining the division of political authority in a multi-level government structure. Such a procedure will produce a highly oversimplified model or prescription for an economically efficient division of responsibility among separate levels of government, but it may be possible then to introduce a number of qualifications to the basic model, modifying and complicating it considerably to bring it closer to political reality. It is this procedure which will be followed here.

Consumption -- Geographic Range of Benefits

National defense delivers benefits which, broadly speaking, are indivisible among the entire population. In other words, the only unit which can be defined to include all beneficiaries of this service is the nation. To the extent that the benefits from defense operations in one region entend to the entire population of a country, for example, there is an economic argument for their provision by the central government even if most of their immediate and short-term benefits are regional. In contrast, a local fire department provides protection which generally benefits the citizens of a fairly restricted geographical area; thus it can be argued that the provision of fire protection is a local government function.[1]

The examples of defense and fire protection suggest that one economic criterion for the distribution of responsibilities among levels of government is the geographic range of the effects of the service in question. The boundaries of jurisdictions would be set according to the spatial characteristics of benefits and tax-base regions would presumably be adjusted to match. This,

[1]For a detailed attempt to classify additional services of local governments according to the spatial incidence of benefits see, Warner W. Hirsch "Local versus Areawide Urban Government Services", National Tax Journal, 17, no. 4 (December 1964), 331-39.

of course, is an oversimplified general rule. Even when discussion is restricted to the economic aspects of federalism, important qualifications must be introduced.

In the first place, since the scope of the effects of a given public service will probably not be the same for any two services, the appropriate geographical unit will be variously defined, leading to a different collective unit for each service provided. The organizational costs of instituting such separate jurisdictions preclude most public services from having wholly independent special-purpose political jurisdictions. In practice, a common jurisdiction has to be responsible for providing several public services despite the fact that its boundaries do not coincide with those of the most "efficient" geographical area for organizing any given service.

Another important limitation of the oversimplified rule arises from the costs associated with collective decision-making. Generally speaking, it is easier and less costly for 1,000 people in a given locality to be directly involved in making a collective decision than it is for 10,000 so that, in a democratic system, the optimal size of a governmental unit to provide a given service may be somewhat smaller than that which is large enough to internalize all benefits and costs. The point is that, in addition to the costs arising from the provision of the service, there are the costs of making decisions about the service which should be taken into account in determining the "efficient" level of government to have responsibility for providing a given public good.

Finally, the range of externalities or spillovers from a collective good can never be precisely determined.[2] This

[2]Some aspects of the relationship between intergovernmental fiscal transfers and externalities are discussed by Albert Breton, "A Theory of Government Grants", The Canadian Journal of Economics and Political Science, (Vol. 31, May 1965 pp. 173-187).

problem of the indeterminacy of spillovers is nowhere more apparent than in the case of education.[3] Education is one of those public services which provides benefits which are both "individual" and "collective" in nature. It clearly benefits directly the individuals educated and their families in the sense of providing economic benefits such as earning ability. There is considerable controversy over the precise measurement of the value of these benefits but there is no disagreement that they are conferred. It is equally likely that all citizens of a community also benefit from the education provided for the individuals of that community, although there is disagreement over the measurement of the benefit and the range and timing of its distribution. To some extent, then, educational services are "collective" in the same sense as fire protection. However, unlike fire protection, the spillovers or externalities from the educational services provided in a given community or province may extend far beyond its own boundaries by virtue of the freedom of individuals to migrate from one community to another. The more people migrate, the greater the externalities or spillovers generated. To the extent that people migrate short distances, spillovers will be greatest in neighbouring communities or kept within the region or the nation depending on how far they roam. Spillovers, positive and negative, may even extend beyond national boundaries.

Migration among regions of a country generates "spill-out" educational benefits from losing jurisdictions, and "spill-in" educational benefits to receiving jurisdictions. Thus, taxpayers in Sydney, Nova Scotia, for example, may recognize that in educating with local funds children who will later migrate to other

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[3]Very little is known about the quantitative importance of externalities since very little empirical work has been done. See, however, Burton A. Weisbrod, External Benefits of Public Education: An Economic Analysis, (Princeton, N.J.: Princeton University, 1964).

municipalities they are, in effect subsidizing other communities. Recognizing this they may, through their local government, decide to invest less in their children's education than might otherwise be the case. It is possible that Sydney is being subsidized or has in the past been subsidized by other communities to the extent that people educated elsewhere move to Sydney to work. Such "spillin" benefits may or may not neutralize the "spillout" benefits and knowledge of the "balance" may or may not have effects on the expenditure decisions of local authorities.

Production -- Economies of Scale

The discussion thus far has been in terms of the geographical or spatial range of benefits in the consumption of public services. Another possible criterion for an economically optimum constitution, or at least a dimension of the problem which should be explored, is economies of scale in production of public services. At the practical level, much of the discussion of greater centralization of government responsibilities seems to be in terms of achieving greater technical efficiency or, more specifically, of achieving greater economies of scale. For example, many advocates of Maritime and Prairie Union in Canada stress economies of scale in the production of public services. Similarly, much of the argument in favour of larger units of school administration has been in terms of more efficient production.

The technically efficient unit of production is one just large enough to attain the lowest feasible unit cost of producing a given result. In education, for example, the technically efficient school board would be the one just large enough to achieve given educational objectives at the lowest attainable cost per pupil. A simple constitutional model based on technical efficiency in production would suggest that responsibilities for service functions be allotted to conform to lowest cost considerations.

Despite the logical appeal of such a prescription, there are severe conceptual and empirical limitations which make it even less applicable to the determination of an efficient

constitution than that based on the spatial characteristics of benefits discussed above. Only the briefest summary of these problems will be attempted here. Just as the spatial characteristics of benefits derived from no two public services are likely to be the same, similarly no two public services are likely to have the same technically efficient size in terms of population or area served. In addition, due to the absence of empirical work, very little is known about the shape of cost curves for most public services, and especially for education. Finally, of course, the strict application of the technical efficiency rule might minimize production costs but would ignore the demand side, namely, the maximization of individual and social benefits and the spatial distribution of benefits rule discussed previously. An "efficient" constitution would undoubtedly require attention to both the demand and the supply conditions of public services. Under either prescription or under one which attempts to combine the two in some fashion, the level of government which is assigned service responsibility may not have a sufficiently large tax base for assumption of full fiscal responsibility.

It is apparent from the discussion in this and the previous chapter, that the decentralization of powers and responsibilities which is characteristic of federal systems of government is subject to some major political and economic costs and gains. On the positive side, formal decentralization of political authority is the only compromise which makes national union possible. In addition, there is reason to believe that a high degree of decentralization of decision-making in the provision of public services provides a better selection or mix of collective goods and services than yielded by a highly centralized system and therefore more effectively maximizes total welfare. Offset against these positive features are some important costs or disadvantages associated with a high degree of decentralization and which give rise to the need for intergovernmental fiscal mechanisms for their alleviation. In terms of the allocation aspects of government activity, two major problems may be noted. The

first consists of allocative inefficiences as a result of spill-over effects or externalities. The second consists of imbalances over time between the division of spending responsibilities and revenue sources among levels of government. In terms of the distributional activities of governments, the major problem arising from decentralized government organization consists of differences in fiscal capacity among individual units at each of the lower levels of government and the resulting differential tax burdens necessary to provide minimally acceptable standards of public services. Alternative intergovernmental fiscal arrangements for overcoming these costs or disadvantages of multi-level government, their economic effects on spending decisions, of the donor in particular, will be discussed later in the paper.

It seems apparent from the discussion of possible prescriptions for an ideal distribution of powers in a federal system of government that, even in purely economic terms, no simple model is likely to be found. Conflict between centralization and decentralization, which is present in all forms of human organization, is endemic to federal systems of government, which represent a delicate and dynamic balance between the two extremes.

CHAPTER FOUR

SOME PRINCIPLES OF TAXATION

Because of the collective benefits they confer, most public services must be financed by taxation which, by definition, involves compulsion. Even though the taxes in a democracy must meet with the approval of a simple majority of the representatives of the people, no individual can choose not to pay. In view of this compulsory aspect, the behaviour of individuals and institutions can be greatly affected by the kinds of taxes which are levied and the manner of their collection. In short, the selection of taxes to be levied and the distribution of the burden among taxpayers can have profound effects on the functioning of the economy and on the achievement of the goals of society.

For these general reasons and because most funds for education are raised by means of taxation, it is appropriate to consider some of the major criteria which must be applied in the development of a tax structure. A full treatment of this topic is beyond the scope of this paper. However, it is essential to consider the matter of equity in the distribution of tax burdens. Equity is now widely regarded as the first

principle of taxation. Passing attention will also be given to the principles of economic neutrality and efficiency in collection and compliance.

The adequacy of various tax sources which some may consider a principle of taxation can only be considered in relation to spending needs. It seemed, therefore, that the matter of the adequacy of tax sources to meet spending needs should be dealt with as a cost of decentralization rather than as a principle of taxation. It was therefore discussed in Chapter 2 under the heading of Aggregate Imbalances Between Spending Needs and Revenue Means. Strategies for dealing with the adequacy problem are dealt with in Chapter 5.

Equity

The concept of equity in taxation refers to the value judgement of contemporary society about how the burden of taxation should be distributed among individual and corporate taxpayers. There are two major aspects to a consideration of the equity problem. The first concerns the proper treatment of taxpayers in like circumstances while the second, and much more complex problem, concerns the desirable treatment of taxpayers in unlike or different circumstances. These two aspects or kinds of equity are sometimes referred to as horizontal and vertical equity, respectively.

The universally accepted rule in public finance is that taxpayers who are equal in all relevant circumstances should receive equal treatment. The normative rule of "equal treatment of equals" applies as much to the matter of burdens of taxation to pay for public services as it does to that of access to benefits.

As for the equitable treatment of unequals for taxation purposes, there are two main standards or principles, "benefit" and "ability-to-pay".

The Benefit Principle

As the term implies, the benefit principle attempts to relate the tax burden on the individual, household or corporation to the benefits received from a government service. It dominated the thinking and writings of many early public finance theorists and is based on a simple extension of the commercial principle that people should pay for goods and services according to the amount they use. According to the benefit principle, it is inherently inequitable or unfair to make some people pay for what others receive, is damaging to economic incentives and results in a suboptimal allocation of resources.

The argument that governments should follow the rules of business collapses when we consider that most services in the public sector are undertaken specifically because the benefits do not accrue to individuals and can therefore not be sold to individuals by means of a pricing system.

There is, however, a limited range of public activities for which the benefit principle could be applied, provided two conditions are met: (1) the individual benefits conveyed can be measured and (2) the resulting pattern of burden distribution meets current standards of equity. For most government activities where these conditions hold, direct sale of the services is a better method of financing than benefit taxation. Examples of such services are electrical power and water supplies.

The best contemporary examples of the widespread use of the benefit principle of taxation are the gasoline tax to pay for highways and that portion of the property tax used to finance municipal overhead, namely, fire and police protection, sewage service, etc. Property owners, as such, benefit directly from these services and would have to provide for them privately were it not for the government activity.

Most services which satisfy the first condition noted above do not satisfy the second one and, therefore, cannot be financed on the basis of the benefit principle. Education, as noted earlier, conveys some measurable benefits directly to

individuals; but the rationale for its public provision is the fact that it conveys important social benefits, giving it the characteristics of a so-called merit want. More important still, the pattern of distribution of the tax burden that would result from application of the benefit principle is totally contrary to that regarded as equitable in contemporary society. For example, some large, low income families might have to give up some of the essentials of a minimum standard of living to provide their children with basic education.

In short, application of the benefit principle to taxation for education would defeat the very purposes of the service the revenue was intended to support. For most social services, and especially for elementary education, reliance must be placed on the "ability" principle of taxation if equity is to be achieved.

The Ability-to-Pay Principle

The basis of taxation which is almost universally accepted today as a means of raising funds for most social services is ability-to-pay. By "ability" is meant the economic well-being or standard of living enjoyed by the individual or corporate taxpayer.

There are three basic measures of economic well-being or ability-to-pay: income received; wealth possessed; and income spent. Income is the amount available to a person for spending or for saving during a given period. The amount of goods and services acquired and the amount of savings made are, in turn, the primary determinants of how this person lives during the period. Income, therefore, is widely regarded as the best single criterion of economic well-being and, therefore, of ability to pay taxes. This is one of the reasons for the development and rapid growth in importance of the personal income tax in the last 50 years.

While income received is the major determinant of economic well-being for most of the population, ability is also influenced to some extent by wealth possessed. For example, two people with equal incomes but different amounts of

accumulated wealth are not equally well off. It matters not whether the greater wealth was saved out of earnings over time, was inherited or came as a windfall. The man of greater wealth has more security against adversity, more freedom of action and can enjoy a higher level of current consumption because he needs less current savings as a hedge against uncertainty. In addition, he can, by drawing on his wealth each year, add further still to his standard of living. The only substantial wealth possessed by a large segment of society is invested in a home. That portion of the real property tax not used to finance municipal overhead may therefore be regarded as a tax based on ability as measured by wealth possessed.

A person with a high income can enjoy a high standard of living. However, a person with considerable wealth, particularly an older person living in his own home, may not be able to enjoy a high standard of living because he has a low income. To this extent, wealth possessed is not as good a criterion of overall economic well-being as income received and the property tax cannot be regarded as an effective tax based on ability-to-pay.

Many writers over the years, notably J.S. Mill in his Principles of Political Economy, have argued that the appropriate measure of ability is neither income received nor wealth possessed but the amount of both actually spent for consumption in a given period. Mill claimed that neither income nor wealth yield any satisfaction until they are consumed. Against the case for expenditure taxation is the fact that a tax system based solely on consumption would seriously discriminate against those who were forced to spend high proportions of current income, namely, the majority of low-income people. Because of the double taxation of savings inherent in an income tax, it is often argued that a tax system based solely on the income tax would seriously restrict saving and capital investment. A partial use of a tax based on spendings, principally a sales or excise tax, helps to offset the discrimination against savings, inherent in an income tax.

From this outline of alternative bases of taxation, it is apparent that there are arguments for and against all three major bases of taxation. This fact, in addition to sheer political expediency, is why most modern tax systems have individual taxes based on each of income, wealth and spending. For both theoretical and administrative reasons, however, economic well-being and ability-to-pay taxes are best defined in terms of income. For these reasons an income tax is now almost universally regarded by tax men, administrators and society as the most equitable ability-to-pay tax.

We have already attempted to explain that to provide for most social services, including elementary and secondary education, using the benefit approach to equity would distribute the tax burden in such a way as to defeat the very purposes for public provision of the services in the first place. The alternative basis for an equitable distribution of tax burdens for social services is ability-to-pay and we have just seen that an income tax results in the most equitable distribution of tax burdens. On the basis of tax principles, therefore, one can only conclude that most social services and elementary and secondary education in particular should be paid for by means of an income tax. Since wealth is not regarded as a primary indicator of ability-to-pay there is very little justification in terms of tax equity for a real property tax to pay for education. The strongest case for a property tax is as a benefit-based levy to pay for local services which benefit property owners directly, namely, fire and police protection, sewage service, etc. A general sales, expenditure or value-added tax is usually justified on grounds of ability-to-pay. However, as noted earlier, amount spent is inferior to income received as a measure of ability-to-pay. The major objection to general consumption taxes in terms of ability-to-pay is usually met by the provision of exemptions for essential items such as food and drugs or by tax credits against income tax payable.

Sales taxes on specific items of expenditure (e.g. excise taxes) cannot be justified on grounds of ability-to-pay. They must be defended either on the benefit basis or because they discourage consumption of commodities which are felt to have harmful social consequences (i.e. negative "merit" goods). An example of a specific sales tax to pay for a specific service is the gasoline tax to pay for roads, already noted. An example of taxes which had elements of penalty for bad social effects, at least in their origins, were those on liquor and tobacco.

Although we have considered the alternative bases of an equitable tax system, namely, benefits received and ability-to-pay, and also the three major alternative measures of ability-to-pay, we have yet to consider the equitable treatment of unequals under ability-to-pay. Under the benefit principle tax burdens are distributed among taxpayers in direct proportion to benefits received. How do we determine the relative tax burdens among individuals of varying ability-to-pay, however it is measured, when there is no explicit relationship between the distribution of tax burdens and benefits?

Equal Treatment of Unequals Under the Ability Principle

In theory, the following discussion could take place in terms of income, wealth or spending; but as a practical matter, only income lends itself to the full range of alternatives. In addition, income is the widely accepted measure of ability and is used in the following discussion for that reason.

Suppose that household A has an income of $5,000 and household B has an income of $10,000. Should they both pay the same number of dollars in taxation (a regressive tax), the same percentage of income (a proportional tax) or should household B pay a larger percentage of income than household A (a progressive tax)? For at least a century, until recent years, economists attempted to interpret ability and devise an equitable type of rate structure for taxes in terms of the sacrifice or disutility suffered in giving up units of wealth, income or spending power in taxes. In recent years, however, these so-called "sacrifice

doctrines" or, more specifically, the assumptions underlying them have been seriously questioned. Since these assumptions have implications for the ultimate success of any rational approach to problems in public finance, they should be noted: (1) the marginal or additional utility gained by the individuals from successive dollars of income declines as income rises and (2) all persons have an equal capacity for enjoyment of income. The principle of diminishing marginal utility was an application to income and wealth of the experience of a person who normally derives less and less satisfaction from the consumption of each additional unit of food or drink. After a century of theorizing, economists are beginning to accept something most of us know from personal experience, namely, that as a person's income rises and he becomes accustomed to a higher level of living, his desire to maintain it and to increase it further is just as intense as the previous desires were for the lower levels of income! As for the second assumption underlying the sacrifice doctrines, modern economic theory denies the possibility of comparing the utility or disutility of different persons.

Wherever administratively feasible, a progressive rate structure is preferred over either a proportional or regressive one. There are no theoretical grounds for this preference. It rests simply on the fact that the consensus of contemporary society seems to regard progression as necessary for equity. Although progressive rate structures undoubtedly have some adverse incentive effects, predictions that they have disastrous effects on the economy and on incentives to work and invest have never materialized.

Other Principles of Taxation

The concept of equity in taxation is of such critical importance in developing a rationale for financing social services, elementary and secondary education in particular, that I have chosen to discuss it much more fully than the other criteria, chiefly efficiency. Most current writing on taxation, including

the report of the Carter Royal Commission, widely regarded as a landmark in this field, gives equity higher priority than efficiency in taxation. All that will be attempted here is a simple listing of the characteristics of what is generally regarded as "good taxation" from the viewpoint of efficiency and economic effects.

An efficient tax system is one which minimizes the costs of collection and compliance consistent with effective enforcement. It involves keeping the real costs of administration and collection to a minimum and also the costs to the taxpayers of compliance with tax laws. In terms of economic effects, an ideal tax system will be economically neutral in the sense that it will not interfere with the attainment of the optimum allocation and use of resources. In other words, the tax structure will not have any unintended effects on the economy.

The principles of taxation outlined here can be applied to the development of a highly equitable and efficient tax system. The recommendations of the Carter Royal Commission constitute a carefully integrated plan for just such a system. Although these principles were carefully developed by several generations of tax men from several countries, there are no tax systems which apply them consistently.

The reason for the failure to apply principles of equitable and efficient taxation to produce a system which measures high on all criteria of equity and efficiency is very simple. Decisions about tax reform are political and, as such, involve compromise. If there is any principle governing political behaviour it is the minimization of political pain, the maximization of political pleasure and, ultimately, the maximization of votes. All taxation involves political pain of some degree so that politicians have a vested interest in making taxes seem invisible and relatively painless regardless of consequences for equity and efficiency.

Despite the political realities of implementing tax reforms and of preserving their beneficial results as politicians

juggle to make good on spending promises, it is important to know and understand principles of equitable and efficient taxation and to consider changes in education finance which are initially consistent with them. In doing so, one can at least formulate desirable goals and proceed, however slowly and imperfectly, toward their attainment.

CHAPTER FIVE

ALTERNATIVE FISCAL MECHANISMS

In Chapter 2 the major problems associated with financing social services in a federal system were outlined under the heading of Costs of Decentralization. The first was the problem of providing lower levels of government with adequate revenue to carry out their service responsibilities in aggregate terms. This will be referred to as the Adequacy problem. The second was the problem posed by real income differences among lower level governments and the consequent necessity to impose differential tax burdens in order to provide comparable standards of service. This will be referred to as the Redistribution problem. The present chapter will briefly discuss major alternative ways of dealing with these problems.

Basically there are three methods by which governments obtain funds: levy their own taxes; obtain revenue transfers from other levels of government; or borrow. Borrowing is an important source of funds for capital outlay but it is not a normal source of operating revenue, and will not be dealt with

in this study. Our major concern here is with tax coordination between levels of government and intergovernmental transfer payments.

Adequacy

If a government has the spending responsibility for a public service, it has the authority to determine three things: the nature and content of the service; the amount to be supplied; and the method of production and delivery. If, in addition, it has the power to impose and collect taxes necessary to raise funds to finance these services and sufficient to meet these responsibilities, it has both service responsibility and fiscal responsibility. The general rule of public finance which seems to have wide acceptance is that a government operating agency should be provided with sufficient funds to support its service responsibilities up to explicit or implicit minimum standards.

In Canada as in other federal unions, there are arbitrary constitutional divisions between service and fiscal responsibilities. Even if the revenue raising capacity of the governments was adequate when the divisions of authority were made, they tend to grow at different rates and in different directions over time with the result that the level of government with the service responsibility does not necessarily, or even frequently, have the revenue-raising capacity to carry out its service responsibilities.

In such a situation there are two major alternative solutions: service functions can be shifted to the level of government which pays for them, or fiscal arrangements can provide adequate funds to the level with the service responsibility. Since the division of service responsibility usually is more carefully specified constitutionally and protected thereafter, the most common solution to the problem of aggregate inadequacy has been some type of intergovernmental fiscal arrangement.

There are two major forms of intergovernmental fiscal arrangement, tax coordination and fiscal transfers or grants. Tax coordination should receive major attention in dealing with

the Adequacy problem. With one major exception, a so-called derivation transfer, we shall deal with fiscal transfers in connection with the question of redistribution among units at a given level of government. The reason that derivation transfers may be considered a reasonable alternative to tax coordination, in striking a balance between spending responsibilities and sources of revenue, is that they merely transfer, from the higher level to the lower level of government, taxes levied by the donor within the recipient's own borders and embody no redistribution.

Tax Coordination

Before discussing types of cooperative tax arrangements, it will be useful to comment briefly on the overall division of tax powers in a federal system. The two extremes of division are complete separation of major tax sources or, joint access to all tax sources.

Rigid separation generally has the greatest appeal when a constitution is being negotiated since it avoids administrative duplication and gives promise of minimizing later controversy, particularly if the expected division of revenues is adequate to meet service responsibilities at the time of federation. It has the weakness of being inflexible. It cannot easily adapt to changing priorities for public services, to varying elasticities of yield, or to the changing importance of various forms of taxation.

On the other hand, joint access of the two senior levels of government to all revenue sources may, in the absence of cooperation or coordination between them produce a chaotic "tax jungle" with both levels levying the same types of taxes and a disproportionate amount of the yield being spent on duplicated administrative costs. Such a situation will likely lead to very high total tax rates, and could produce counteracting fiscal policies.

However, if governments recognize the mutual advantages of working together, joint access may offer the most satisfactory means of ensuring adequate revenue coverage. Broadly speaking,

then, joint legal access to tax sources may result in the worst or the best possible tax arrangements, depending on the degree of cooperation among the senior levels of government. History has shown that such relations are only possible after a federation has achieved a high degree of maturity and stability. Arrangements which can promote the advantageous features of joint access are tax rental and tax sharing.

Tax rental requires that a regional government refrain from exploiting a tax source to which it has legal access, in return for a negotiated percentage of the collections made within its region by a higher level of government. The advantage of tax rental agreements for such levies as income tax are that they (1) help facilitate equitable treatment of individual taxpayers among provinces, and (2) permit a central government to pursue economic policies with less likelihood of having them neutralized by the provinces. The proceeds of tax rental agreements are, of course, derivation transfers in that, in the absence of equalization or stabilization clauses, they are proportionate to the revenue derived from the recipient's own jurisdiction. Tax rental agreements have some serious disadvantages. Firstly, the recipient governments forfeit a degree of autonomy in that they are not free to vary the tax base or the tax rate. Since the productivity of provincially levied taxes is low and their incidence either regressive or only slightly progressive, there is little a province can do to increase revenues significantly during the term of an agreement. Second, tax rentals violate the principle of fiscal responsibility, namely, that each government should be accountable to its own electorate for its taxing and spending decisions. For example, the political pain of raising funds should fall on the same level of government which has the political pleasure of spending them.

Tax rental constituted the major federal-provincial fiscal mechanism used in Canada between 1942 and 1962. Early in World War II, the federal government was able to persuade the provinces to relinquish their own personal and corporation income tax

fields in return for unconditional "rental" payments. Possession of undisputed control of the income tax permitted the federal government to pursue the war effort to the fullest extent. Rental agreements, first made in 1942, were renegotiated every five years and eventually covered the period 1942 to 1962 using rental formulas which became progressively more generous from period to period. Quebec refused to participate in tax rental agreements on grounds that the concept was incompatible with her constitutional rights. This fact, coupled with the other problems noted above, led in 1962 to the replacement of tax rental by a form of tax sharing in Canada.

Tax sharing arrangements, by which both levels of government, after negotiating a mutually acceptable tax base, are free to vary the rates as they choose, overcome some of the disadvantages of tax rental. The governments usually agree to have the central government collect the total tax. Except for the agreement of a common tax base, such arrangements do not erode the autonomy or political responsibility of either government with respect to variations in the rates of taxation. They may, however, to the extent that one level may raise while the other level reduces its rates on the same tax, impair the ability of the central government to direct economic policy in the national interest.

Under the 1962-67 tax sharing agreement as it applied to personal income tax, the federal government imposed a national "basic tax" which it then reduced or abated by a negotiated percentage in order to "make room" for the provincial taxes. For the first time in 1962 the federal government and the provinces also entered into formal tax collection agreements under which the federal government agreed to collect, free of charge, provincial personal and corporate income taxes without any limit on the amount collected. Thus, the provinces were free to tax at rates beyond the federal abatement, the only condition being that the provincial and federal tax bases had to be identical. All provinces except Quebec chose to have their personal income

taxes collected by Ottawa. In addition, Ottawa collected corporation income taxes for all provinces except Ontario and Quebec.

Throughout the series of tax rental and tax sharing agreements there has been an incessant struggle by the provinces to increase their share of the federally collected income tax and the federal government has, in fact, given up more and more to the provinces. This trend will be documented in the next chapter. It is sufficient to note here that it was the successive federal abatements or reductions of income tax in favour of the provinces which was the major factor enabling the provinces to expand their activities in the social service field and, in particular, to assume a much greater share of the costs of education.

In addition to the basic division of tax revenues, there are a number of supplementary mechanisms for ensuring flexibility in adjusting sources of revenue to changed spending priorities: tax credits, tax deductions, revenue guarantees, and payments in lieu of taxes. Despite the importance of some of these techniques, a detailed discussion of them is beyond the scope of this paper.

Redistribution

The second major condition necessitating intergovernmental fiscal arrangements is the widely differing levels of real income among sub-level units of government which must, therefore, impose differing tax burdens in order to provide minimally acceptable standards of service. Regardless of the merits of opposing philosophical and economic arguments about redistribution among individuals or governments, the fact remains that public sentiments increasingly seem to favour it. The existence of progressive forms of taxation and the growth of inter-personal and intergovernmental income distribution plans incorporating allotment formulas which explicitly accomplish some degree of redistribution may be regarded as evidence of this egalitarian trend. It will be useful to note in general terms some of the major

characteristics of redistributive grants and their more important fiscal and economic effects, particularly on recipient governments.

Two major characteristics of fiscal transfers are generality and conditionality. Generality refers to the scope enjoyed by the recipient in spending the funds received. The most general transfer is the fiscal capacity or block grant where the proceeds become part of the recipient government's general revenues and can be spent according to its own priorities, presumably with a similar distribution as revenue from the recipient's own sources. An example of such a transfer is the fiscal capacity adjustment grant associated with the Federal-Provincial Tax Sharing Arrangements in Canada. At the other end of the scale of generality are grants made for specific functions such as vocational education or health services. In these cases, it is understood, but not always mandatory, that the funds be spent to cover the operating costs of a specific category of government service.

Conditionality is another characteristic of fiscal transfers, one which is often confused with generality. Whereas the general-specific distinction refers to whether the recipient may spend the funds on all or one specific service, conditionality refers to whether the recipient must comply with detailed conditions in order to qualify for the grant. For practical purposes, most general grants are unconditional. Specific grants, on the other hand, may be either unconditional or conditional. An example of a specific, unconditional grant would be a grant for educational purposes for which the decision to allocate among educational expenditure items would be left to the recipient. An example of a specific, conditional educational grant would be one for, say, text books.

Fiscal transfers have a variety of effects on both the donor and recipient. Of these, the effects on the recipient are the most important. Although the primary concern here is redistribution, two other effects should be recognized. The most general effect of transfers is their so-called income effect.

Stated most simply this means that, all other things being equal, each grant a government receives will increase its income. In the case of specific grants, the effect on provincial or local expenditures will depend upon the value of an index called the income elasticity of demand. This index purports to show whether a government will consume more, the same amount or less of a commodity as its income rises.

Specific grants also have a price effect in that they lower the effective price that the province or community must pay for the public service in question. The effect on the recipient's pattern of spending will depend on its price elasticity of demand for the good or service in question. This index purports to explain whether and to what extent a government will consume more, the same amount or less of a commodity as its price changes. If, in addition, the grant entails a matching condition, the exact nature of the matching formula will also affect the recipient's expenditure pattern.

Broadly speaking, general unconditional fiscal transfers provide financial assistance to lower levels of government which interferes least with their spending priorities and, in general, interferes least with provincial or local autonomy. On the other hand, such transfers deny the grantor any effective control over how the money is spent. Specific, conditional grants, on the other hand, permit the granting government to ensure that funds are spent for specific purposes and, depending on the conditions involved, to ensure acceptable minimum standards are maintained. However, they tend to infringe on the spending powers of the recipient governments.

It will be useful to identify the various bases on which redistributive transfer payments can be made. The most common federal redistributive transfer is one designed to compensate for inter-provincial differences in fiscal capacity per capita. Fiscal capacity per capita may be regarded as an indicator of the relative ability of governments to raise revenues to finance all public services. There are a variety of ways to measure

fiscal capacity, but income or tax bases are most commonly used. Fiscal capacity transfers may accomplish any degree of redistribution which is politically acceptable at a given time. For example, a national government may equalize provincial tax receipts per capita up to 80 per cent of the national average, up to the national average, or up to the average of the top province. Similarly, a provincial government could, it it wished, equalize local revenue from the property tax. Fiscal capacity transfers are unconditional in the sense that they do not require the recipient to spend the funds transferred on any specific public service. It should be noted that the federal government also accomplishes redistribution by means of transfer payments to individuals, but these are intended primarily to promote minimum standards of private consumption rather than to promote minimum standards of social services.

A second common basis for redistributive grants is need, real or fiscal. In a very general sense population is a measure of the relative real need for all government services. Even a per capita grant, therefore, makes some recognition of relative need. What is being referred to here is a more sophisticated measure which would recognize differences in expenditure requirements as accurately as measures of fiscal capacity purport to measure differences in revenue-raising capacity. Indicators of fiscal need would have to reflect differences in per unit costs between regions or localities caused by such factors as population distribution, geographical characteristics, degree of urbanization, price levels, etc. The ideal fiscal transfer would be based on differences in <u>both</u> fiscal capacity and fiscal need.

Unfortunately, the virtual impossibility of devising a relatively simple and politically acceptable measure of fiscal need, comparable to measures of fiscal capacity, has meant that the two concepts of fiscal capacity and fiscal need have yet to be combined in an acceptable manner. If a satisfactory fiscal need transfer could be devised, recognizing differences in both

expenditure requirements and revenue yields, it would also be of the unconditional variety, as in the case of fiscal capacity transfers.

Finally, there are grants designed to stimulate and assist lower levels of government to introduce a specific program or to achieve certain standards of performance. These are the conditional grants. If conditional grants achieve redistribution and if the redistribution is progressive rather than regressive, then it is usually by accident rather than by design. Their primary purpose is stimulation and assistance. Redistribution is more effectively achieved by unconditional grants based on differences in fiscal capacity, fiscal need or, ideally, on both.

As early as 1957, the federal government began to make unconditional tax revenue equalization payments to the provinces with the objective of better enabling all provinces to provide comparable levels of services with comparable levels of taxation. The 1957 agreement provided for equalization payments to bring the per capita yield of the three "standard" taxes (i.e. personal income, corporate income and succession duties) up to the weighted average yield from these taxes levied at "standard" rates in Ontario and British Columbia, the two provinces with the highest per capita yields. Payments were made to all provinces, including Quebec, even though it did not participate in the rental agreements. In 1962, a measure of natural resources revenue was introduced into the equalization formula but the level to which revenues were being equalized was reduced from the average of the top two provinces to the national average. One year later, however, and for the balance of the 1962-67 Agreement, the formula was changed back to the "top two" basis but with a deduction for provinces with above-average per capita yields from natural resources.

A major change in the equalization formula took place in 1967 when the tax base used to determine entitlement to equalization was broadened to include sixteen sources of provincial revenue instead of the four revenue sources used in the previous

agreement. The formula attempted to measure and compensate for the amount by which each province's revenues, as calculated using a "representative tax system" fell short of the national average because of weak revenue sources. These equalization payments ensured that each province received revenue equal to the national average per capita regardless of the deficiencies in the province's own revenue sources and without subjecting its taxpayers to above average tax rates.

Under the 1972-77 fiscal arrangements three more sources of provincial revenue were added to the tax base for equalization purposes so that virtually all sources of provincial funds were included in the representative tax base. The amounts involved in these transfers together with an estimate of their impact on the financing of education in the various provinces will be provided in Chapter 6.

CHAPTER SIX

TRENDS AND FUTURE DIRECTIONS

Changing Patterns of Spending

In the last two decades there has been an unprecedented growth in spending for education. In addition, there has been a substantial change in the pattern of spending by level of education. Table 1 at the end of this chapter shows total spending for all levels of formal education in Canada from 1954-55, the first year for which the Education Division of Statistics Canada published this series. Data for all years from 1968-69 on are either preliminary figures, estimates or, in the cases of 1972-73 and 1973-74, projections.

The most notable feature of total spending for education in Canada has, of course, been its growth from $713.3 million in 1954-55 to a projected $9,357.8 million in 1973-74. This represents a thirteen-fold increase or an average annual growth rate of 14.6 per cent, compounded. The reasons for this growth are well known and have consisted mainly of the rapid growth of enrolments due to the increase in birth rates throughout the late forties and fifties and to children staying longer in school. The latter trend has been a byproduct of very

prosperous economic conditions throughout most of the period and growing public conviction of the socio-economic importance of education. Even if the per-pupil cost of education had remained static since 1954-55, there would have been a very substantial rise in spending due to greater numbers and a larger proportion of total enrolments at the post-secondary levels where per-unit costs are highest. Approximately 50 per cent of the total increase in educational spending in Canada has been due to increased enrolments.

Costs per pupil have not remained static and price increases have been a significant factor in the increase in total costs. In common with other service industries the costs of education are strongly influenced by changing levels of wages and salaries, which have increased more rapidly than price levels generally. It is probable that rising prices will have contributed 25 to 30 per cent of the total increase in spending for education between 1954-55 and 1973-74.

Other factors have also contributed to the growth in unit costs for education. These include changes in programs, a proliferation of options, improvements in the average quality of the teaching force and a gradual downward trend in the number of pupils per staff member in the schools. Spending for physical capital has also contributed to the growth of unit costs. The quality of school buildings has improved greatly and, there has been a growth in the investment in capital equipment per pupil.

In addition to the remarkable increase in total spending for education there has been a marked change in the distribution of this spending among levels of education. In general, the share being spent for post-secondary education has increased and that for elementary and secondary education has decreased. Between 1955-56 and 1970-71 the proportion of total spending going to publicly controlled elementary and secondary schools dropped from 80.6 per cent to 63.2 per cent while spending for post-secondary education and vocational training increased from 16.9 per cent to 34.9 per cent.

This shift in relative importance among levels of education is also illustrated by differential rates of growth in spending by level of education. While spending for all major levels of education has increased rapidly since 1954-55, that for public elementary and secondary education has increased more slowly than total spending, 13.0 per cent compared to 14.6 per cent, while university spending and vocational training increased by 18.2 and 22.7 per cent, respectively.

Until very recently, education costs were increasing at a rate which could not have been sustained throughout the current decade. For example, between 1964-65 and 1969-70 spending for all education increased at an average annual rate of 18.5 per cent -- faster than for any other major department of government during that same period. By level, the average annual rates of growth were as follows:

Public Elementary and Secondary	16.1%
University	21.9
Vocational Training	25.8

It now appears that this five-year interval marked the culmination of the great expansion in enrolments as it worked its way through the elementary and secondary systems and moved into the post-secondary systems.

In 1970-71 elementary and secondary enrolments in Canada peaked at 5.8 million and will decrease gradually throughout the seventies and, in all probability, into the eighties. Based on the downward trend in live births six years earlier, the Education Division of Statistics Canada has predicted that Grade 1 enrolment will decline by almost 20 per cent and the enrolment in K-8 by about 7 per cent between 1971-72 and 1974-75. As this new "trough" works its way through the system, we can also expect secondary enrolments to be smaller by the latter half of the seventies.

Prediction of post-secondary enrolments is much more difficult because demographic factors alone are less important than at the elementary and secondary levels. Based on the above

predictions by Statistics Canada, and assuming other influences constant, post-secondary enrolments might be expected to decline by the early eighties. However, due mainly to an oversupply of educated manpower and a general "backlash" against higher education as a key to socio-economic success, the rate of growth in university enrolments has already begun to fall short of recent predictions.

From now on, spending for education will grow more slowly than it did in the latter half of the fifties and the sixties. In fact, this trend is already apparent. While spending for elementary and secondary education increased at an estimated average annual rate of 16.1 per cent per year between 1964-65 and 1969-70, the projected figure for the period 1969-70 to 1973-74 is 8.3 per cent per year. The year to year rates in this latter period are expected to be 12.4, 8.0, 7.2 and 5.6 per cent, respectively. Growth in spending for post-secondary education is also expected to fall off dramatically, declining from an average annual rate of 21.9 per cent between 1964-65 and 1969-70 to 10.4 per cent between 1969-70 and 1973-74. This apparent downward trend in the growth of educational spending may be tempered in the future by introduction of new programs and improvements in existing programs.

Changing Sources of Funds

The purpose here is to examine the major sources of funds for all education in Canada and how they have changed since 1954-55. The data shown in Table 2 reflect the situation before any intergovernmental transfers such as provincial grants to school boards were made. In examining these data it should be remembered that the amounts shown have been raised from each level of government's own sources and do not include amounts received from or given to other levels of government. Secondly, it should be noted that the support for education by each level of government varies considerably as a share of total spending by each level. For example, educational spending as a percentage of each level

of government's own net general expenditure has varied as follows in recent decades:

Year	Federal	Provincial	Municipal	Total
1949	1.6	18.3	33.5	..
1959	1.2	24.3	35.5	13.3
1969[e]	4.9	—— 33.2 ——		19.9

Although the data are incomplete and not strictly comparable, it is clear that the federal government spends a very small proportion of its large and broadly based revenues directly for education while the provincial and municipal governments, with smaller resources and narrower tax bases spend a very substantial proportion of them for education.

Aside from the tremendous growth in absolute amounts raised for education by all three levels of government, the most notable trend in sources of funds since 1954-55 has been the decrease in relative importance of local government taxation. In 1955-56, 42.5 per cent of all funds for formal education in Canada came from local taxation. By 1970-71, local taxation accounted for an estimated 23.8 per cent of the total and continues to decline in relative importance as a share of total spending for education. There are two reasons for this, the first being that spending for elementary and secondary education is a decreasing share of total spending for education. This was documented in discussing spending trends.

The second reason is that local taxation is of decreasing importance as a source of school board revenues. The following percentage distributions between 1954 and 1968, the most recent year for which the data are available, demonstrates this fact quite clearly:

Sources of School Board Revenue In Canada
1954-68

Year	Local Taxation	Provincial Grants	Fees	Other	Total	Thousands of Dollars
1954	64.4%	32.7%	0.9%	2.0%	100.0%	518,883
1958	55.3	41.7	0.7	2.3	100.0	869,490
1962	52.3	44.0	0.2	3.5	100.0	1,411,864
1966	49.8	47.7	0.4	2.1	100.0	2,262,521
1968	45.3	52.1	0.5	2.1	100.0	3,162,058

Source: Statistics Canada, Education Division, Preliminary Statistics of Education (selected years)

Most of the decreased share of total revenue from local sources has been taken up by the provincial governments, whose share of total spending for all levels of education has increased from 41.3 per cent in 1955-56 to an estimated 57.0 per cent in 1970-71 and continues to grow (Table 1). As a share of total school board spending, the provincial share has grown from about a third (32.7 per cent) in 1954 to over a half (52.1 per cent) in 1968, as shown above. When comparable data are available for 1972, it will show that nearly two-thirds of school board spending came from the provincial governments and approximately one-third from local taxation.

It is also useful to examine the variation among provinces in sources of school board revenue for a given year. Sources of school board revenue in the ten provinces are shown for 1968 at the top of the next page. In both Newfoundland and Prince Edward Island the provincial government paid virtually all of the costs of education, 90.0 and 99.7 per cent, respectively. Among the other eight provinces the provincial share varied from 70 per cent to 41 per cent. Only in Ontario, Saskatchewan and British Columbia did local government contribute more than half of school board revenue. The rapid decline in the local share of total funds for education since 1968, as discussed earlier and shown in Table 2, suggests that by 1973-74 there will be no

Sources of School Board Revenue, Ten Provinces
1968

Province	Provincial Grants	Local	Other	Total
	Percentage Distribution			$Millions
Newfoundland	90.0	2.0	8.0	41.5
Prince Edward Island	70.0	28.7	1.3	11.9
Nova Scotia	53.9	45.0	1.1	82.1
New Brunswick	99.7	-	0.3	55.3
Quebec	57.1	41.3	1.6	913.5
Ontario	46.0	51.0	3.0	1242.3
Manitoba	77.0	20.5	2.5	131.0
Saskatchewan	43.0	53.6	3.4	137.2
Alberta	50.8	45.5	3.7	262.8
British Columbia	41.0	56.3	2.7	284.5
All Provinces	52.1	45.3	2.6	3162.1

Source: Derived from Statistics Canada, Education Division, Preliminary Statistics of Education, 1969-70, Table 29.

province in which the provincial government does not provide more than half of the funds for elementary and secondary education.

To some extent, the provincial governments have increased their share of educational costs by imposing general sales taxes and by increasing existing sales and excise taxes. As noted in Chapter 5, however, the major source of increased grants in support of elementary and secondary education has been the great reduction or abatement of federally collected income taxes in favour of the provinces specifically to meet the heightened demand for provincially administered social services, including education. In short, the provincial governments have acted as middlemen, channeling funds released by the federal government to finance a much larger share of educational spending at the local level. The following are the basic percentages by which the federal government withdrew from the personal income tax

field under successive federal-provincial tax-sharing agreements. Implicit in this scale of abatements is a recognition by the federal government of the greater importance of provincial responsibilities in the social service field, between 1962 and 1967, in particular.

1957 Arrangements (tax rental)	
1957	10
1958	13
1959	13
1960	13
1961	13
1962 Arrangements	
1962	16
1963	17
1964	18
1965	22
1966	24
1967 Arrangements	
1967 to 1971	28

The additional four percentage points of personal income tax, together with one percentage point of corporate income tax from 1967 on were granted to the provinces for post-secondary education and were in part a substitute for the former per capita grants for university costs.

There are many other features of these highly complex arrangements, notably the revenue equalization scheme discussed earlier as a general concept, under which the federal government makes unconditional grants to the provinces to bring the per capita yield of each from nineteen revenue sources up to the national average in provinces where it falls below. These equalization entitlements, totalling over $1 billion in 1972, constitute a significant source of provincial revenue in all provinces except Ontario, British Columbia and Alberta and a major source

of funds in the Atlantic Region. The following are the percentages of 1972 gross general revenue made up of unconditional federal equalization grants:

Newfoundland	26.2%
Prince Edward Island	20.7
Nova Scotia	17.7
New Brunswick	21.1
Quebec	9.2
Manitoba	8.0
Saskatchewan	16.8
	12.3%

Since these funds go into general revenue, it is not possible to say, with certainty, what percentage of the costs of education in each province came from federal equalization payments. It is a fair assumption, however, that if, as shown above, Newfoundland received 26 cents out of each dollar of general revenue from this source, then 26 cents of each dollar of general revenue spent for education in the Province also came from federal revenue equalization payments.

In the federal budget introduced on February 19, 1973 the Government announced that the revenue equalization formula would be expanded, effective April 1, 1973 to include local school taxes. The net effect of this measure is expected to be an additional transfer of funds to the above seven provinces. The Minister of Finance indicated that the transfer will amount to about 28 per cent of the local taxes collected in these provinces and will increase total equalization payments by $190 million to $1.4 billion in 1973-74. The Minister indicated that he expected to see the provinces affected pass on substantial benefits from these extra funds to their local property ratepayers.

The essential point to be made here is that the federal government, by means of rapid abatements, has made it possible for the provinces to increase their income tax rates at virtually no cost, administrative or political, thus permitting them to finance a much larger share of local spending for elementary and

secondary education and of post-secondary expansion. In addition, the federal government has made substantial equalization grants to the provinces, out of its own share of income tax revenues, thus enabling the less able provinces to provide standards of education and other services more closely equivalent to those provided by the more able provinces, if they so desired. With the recent inclusion of local school taxes in the tax base for purposes of federal revenue equalization, the federal government now ensures that the per capita yield of 20 sources of provincial-local revenue will be brought up to the national average in the provinces where it falls below this level.

Table 1. Growth in Expenditure on Formal Education and Vocational Training in Canada, 1954-55 to 1973-74
(Millions of Dollars)

Year	Elementary and Secondary Level		Post-Secondary			Other Formal Education[4]	Total Formal Education	Vocational Training[5]	Total Expenditure
	Public[1]	Private	Teacher-Training	University[2]	Non-University[3]				
1954-55	569.7	18.9	5.2	100.8	-	0.2	694.8	18.5	713.3
1955-56	651.3	19.8	6.6	111.4	-	0.2	789.3	18.5	807.8
1956-57	741.3	21.5	6.9	115.8	-	0.2	885.7	23.0	908.7
1957-58	855.7	33.7	9.5	150.0	-	0.2	1049.1	39.4	1088.5
1958-59	972.9	39.9	11.7	168.7	-	0.3	1193.5	41.6	1235.1
1959-60	1114.6	41.9	11.1	208.7	-	0.3	1376.6	49.8	1426.4
1960-61	1267.3	46.9	16.2	235.4	-	0.3	1566.1	56.1	1622.2
1961-62	1439.7	53.6	17.6	289.9	-	1.1	1801.8	71.6	1873.4
1962-63	1736.0	56.4	18.8	329.2	-	5.7	2146.1	134.7	2280.8
1963-64	1790.7	63.9	16.9	419.8	-	7.3	2298.6	140.4	2439.0
1964-65	1973.7	70.2	22.8	581.4	-	7.6	2655.7	162.2	2817.9
1965-66	2324.4	75.8	20.8	723.8	-	14.0	3158.8	186.9	3345.7
1966-67	2673.5	80.6	23.7	953.4	-	21.3	3752.5	296.4	4048.9
1967-68	3105.0	85.8	26.9	1197.0	95.9	24.5	4535.1	392.9	4928.0
1968-69[p]	3697.1	88.6	29.8	1345.5	225.8	27.2	5414.0	311.1	5725.1
1969-70[e]	4163.1	116.6	19.6	1556.4	265.3	21.8	6142.8	431.1	6573.9

(cont'd)

Table 1 (cont'd)

Year	Elementary and Secondary Level		Post-Secondary			Other Formal Education[4]	Total Formal Education	Vocational Training[5]	Total Expenditure
	Public[1]	Private	Teacher Training	University[2]	Non-University[3]				
1970-71[e]	4681.2	122.1	16.3	1754.3	357.2	21.8	6952.9	455.9	7408.8
1971-72[e]	5053.5	127.2	10.1	1926.1	426.0	21.4	7564.3	459.3	8023.6
1972-73[6]	5415.0	134.3	8.7	2100.9	500.9	21.3	8181.1	569.4	8750.5
1973-74[6]	5719.7	140.7	5.6	2306.8	580.5	21.4	8774.7	583.1	9357.8
Average Annual Rates of Change									
1954-59	14.4	18.7	17.4	16.0	-	...	14.7	24.2	14.9
1959-64	12.3	10.9	17.2	23.1	-	...	14.1	29.6	14.7
1964-69	16.1	11.2	-4.8	21.9	-	..	18.3	25.8	18.5
1969-73	8.3	4.8	-26.1	10.4	21.9	...	9.4	8.2	9.3
1954-73	13.0	11.8	3.5	18.2	-	...	14.4	22.7	14.6
Shares of Total Expenditure									
1955-56	80.6%	2.5%	0.8%	13.8%	-	-	97.7%	2.3%	100.0%
1960-61	78.1	2.9	1.0	14.5	-	-	96.5	3.5	100.0
1965-66	69.5	2.3	0.6	21.6	-	0.4%	94.4	5.6	100.0
1970-71	63.2	1.6	0.2	23.7	4.8%	0.3	93.8	6.2	100.0
1973-74	61.1	1.5	0.1	24.7	6.2	0.2	93.8	6.2	100.0

(cont'd)

Table 1 (cont'd)

[e]denotes estimate [p]denotes preliminary

[1]Includes federal schools, schools for the blind and deaf, and expenditures of provincial departments of education.

[2]Includes operating and capital expenditures, student aid, scholarships and bursaries paid by federal and provincial governments directly to students. Prior to 1969-70 expenditures for non-transfer students in non-university institutions were included under this heading. For 1969-70 to 1973-74, they have been excluded.

[3]Includes expenditures for community colleges and related institutions and expenditures for "R.N." diploma courses in hospitals and regional schools, and in community colleges.

[4]Federal government expenditures for assistance to education in developing countries, federal language courses, educational programs in penitentiaries, Education Division of Statistics Canada, and Education Support Branch of Secretary of State Department.

[5]Includes private business colleges but excludes private trade schools and diploma courses in hospital schools.

[6]Projections by the Education Division, Statistics Canada, based on enrolment trends and anticipated costs per pupil.

Sources: Statistics Canada, Education Division, Survey of Education Finance (selected years) (Ottawa: Information Canada); Preliminary Statistics of Education, 1968-69 for 1967-68; Advance Statistics of Education, 1971-72 for 1968-69; Advance Statistics of Education, 1972-73 for 1969-70 to 1973-74.

Table 2. Changing Sources of Funds for All Formal Education and Vocational Training In Canada, By Level of Government 1954-55 to 1973-74 (Millions of Dollars)

Year	Local Government Taxation	Provincial & Territorial Governments	Federal Government	Non-Government (Private) Sources	Total Funds
1954-55	335.2	275.8	39.2	63.1	713.3
1955-56	343.4	333.4	48.4	82.6	807.8
1956-57	394.5	363.9	65.1	85.2	908.7
1957-58	452.3	456.1	78.8	101.3	1088.5
1958-59	496.6	521.9	100.0	116.6	1235.1
1959-60	582.9	604.2	114.3	125.0	1426.4
1960-61	653.2	706.2	113.5	149.3	1622.2
1961-62	691.1	844.7	147.2	190.4	1873.4
1962-63	739.6	996.9	340.0	204.3	2280.8
1963-64	826.0	1091.2	282.5	239.3	2439.0
1964-65	903.4	1304.4	263.4	346.7	2817.9
1965-66	1036.1	1573.0	339.1	397.4	3345.6
1966-67	1131.5	1939.1	512.8	465.5	4048.9
1967-68	1267.2	2551.6	610.9	498.4	4928.1
1968-69[p]	1496.6	3105.0	632.2	491.3	5725.1
1969-70[e]	1677.0	3572.3	737.1	587.5	6573.9
1970-71[e]	1761.1	4223.8	804.1	619.8	7408.8
1971-72[e]	1843.1	4679.2	810.0	691.3	8023.6
1972-73[1]	1971.0	5190.7	837.9	750.9	8750.5
1973-74[1]	2118.7	5540.3	881.8	817.0	9357.8
Average Annual Rates of Change					
1954-59	11.8	17.1	24.0	15.0	14.9
1959-64	9.2	16.7	7.3	23.2	14.7
1964-69	13.9	22.4	23.8	11.4	18.5
1969-73	6.0	11.7	4.6	8.6	9.3
1954-73	10.9	17.3	15.4	14.9	14.6

(cont'd)

Table 2 (cont'd)

Year	Local Government Taxation	Provincial & Territorial Governments	Federal Government	Non-Government (Private) Sources	Total Funds
Shares of Total Funds for Education					
1955-56	42.5%	41.3%	6.0%	10.2%	100.0%
1960-61	40.3	43.5	7.0	9.2	100.0
1965-66	31.0	47.0	10.1	11.9	100.0
1970-71	23.8	57.0	10.8	8.4	100.0
1973-74	22.7	59.2	9.4	8.7	100.0

[e] denotes estimates [p] denotes preliminary

[1] Projections by the Education Division, Statistics Canada, based on enrolment trends and anticipated costs per pupil.

Sources: Statistics Canada, Education Division Survey of Education Finance (selected years) (Ottawa: Information Canada); Preliminary Statistics of Education, 1971-72 for 1968-69; Advance Statistics of Education, 1972-73 for 1969-70 and projections to 1973-74.

CHAPTER SEVEN

STRATEGIES FOR CHANGE IN THE FINANCING OF EDUCATION

The establishment of priorities among government services takes place through the political process and the scale of priorities which reveals itself in spending programs and budgetary increases and cuts in existing programs depends basically on changing social goals. For example, the dominant theme of public interest and debate may, for a number of years or even decades, be economic development. This may be gradually superceded by an emphasis on equality of social services. Except perhaps in wartime, there is never a single identifiable preoccupation, nor is it usually possible to actually list priorities with absolute certainty. Implicit in the relative shares of public spending for different services, however, is a judgment concerning the contribution that each can make to the objectives of society at that time.

The relative amounts spent for various groupings of services are interrelated. Spending on social services, in particular, tends to be complementary. The effectiveness of spending for education, for example, is influenced by spending for public health and welfare, and by minimum wage laws and unemployment

insurance legislation. Unless children come to school well nourished, in good health and from economically secure homes, it is probable that there will be some impairment of their chances of achieving their educational potential, regardless of the merits of the school system.

There are three major ways in which public funds can be used for education. They may be transferred directly to individuals who then spend them to buy the kind of education they want in a competitive market (e.g. vouchers, etc.). Extensive use of this technique would defeat a major purpose of public involvement in the first place, namely, to change the pattern of consumption of education that would prevail in a free market. It is therefore highly unlikely that there could ever be widespread use of direct transfers to finance elementary and secondary education. Secondly, education may be provided directly by the government with sovereign responsibility or funds may be transferred directly to educational institutions (e.g. formula financing of universities). Finally, the sovereign government may delegate responsibility to sub-levels of government, and grant them taxing powers to meet their responsibilities. This has been the orthodox approach to the financing and administration of education in Canada.

For a service which conveys private as well as social benefits, like education, local administration provides a degree of consumer choice and involvement. However, it has at least two overriding weaknesses. Since local provision from local sources approximates a free market among localities of varying tastes and fiscal capacities, it may fail to achieve the social and redistributive aims of education to the extent that all children are not guaranteed an education according to their needs as perceived by the sovereign government (i.e. the provinces). Equal tax effort produces drastically different results in rich and poor communities.

Secondly, the only tax which can be effectively administered locally is the real property tax and few localities can finance acceptable standards of education plus municipal overhead

from its proceeds. As a consequence of these two problems of inequality of services and aggregate inadequacy of funds at the local level, the provincial government must intervene with fiscal transfers to provide tax relief and equalization aid. If problems of inadequacy of revenues and inequality of services are to be alleviated among provinces, it must be done by the federal government, either directly or indirectly.

Two kinds of approach may be taken in considering major alternatives in the restructuring of the financing of education in Canada. On the one hand, it is possible to abstract from the constitutional and other constraints and limitations within which our present arrangements have evolved and propose a broad fiscal framework or model within which the educational objectives identified on the Demand Side would seem to be attainable. This approach would be consistent with that taken in developing these objectives.

The second approach is the pragmatic one of considering the best feasible means of restructuring the financing of education within the existing framework of Canadian government and in full recognition of the trends and directions identified in the previous chapter. While the second approach is less likely to result in full achievement of the ideals identified on the Demand Side, it has, in all probability, the better chance of implementation. The remainder of this chapter consists of a proposal for dramatic change followed by a consideration of what seems to be the best feasible alternative for change in education finance in view of the current situation in Canada.

A Drastic Alternative

The central and recurring theme on the Demand Side of this Project seems to be that each child should be provided with the amount and kind of education necessary to permit him to realize his full potential as an individual and as a member of society. From an educational viewpoint, this philosophical objective requires a high degree of structural and instructional

flexibility and decentralization so that the educational needs of each child can be diagnosed and fully met.

The educational requirements imply the application to each child in Canada, regardless of location or other circumstance, of widely varying amounts of real human and physical resources. The financial requirement necessary to achieve this degree of flexibility of real resources among individual children at the elementary-secondary level would require mobilization of all funds available in Canada for elementary and secondary education. It would also require the specific joint effort of both the provincial and federal governments.

The following is the general type of financial arrangement which would be necessary to achieve the above objectives. In order to be sufficient to permit the degree of individualization implied on the Demand Side, it would be necessary to introduce a number of refinements based on differential costs of meeting the educational needs of children suffering different degrees of disadvantage and located in different places. It must be recognized that such measures of differential fiscal need would have to be based on <u>educational</u> measures of a quality, reliability and broad acceptability which have yet to be attained and which, it must be recognized, may be unattainable.

Let us begin with a very simple hypothetical situation which can be refined later on. Suppose that there was only one level of government in Canada and that it decided in 1970 that it could affort to spend the equivalent of 6.24 per cent of the personal income of the nation on elementary and secondary education (i.e. $4,138.6 million).[1] If it can be assumed for a moment that there was no difference in the cost per pupil of meeting individual educational needs of the 5.6 million pupils in Canada in 1970, nor any geographical difference in price

[1] This is based on an estimate of the <u>actual</u> percentage of personal income raised for elementary and secondary education in 1970.

levels, then the requirements of the Demand Side could have been most effectively pursued with the available funds if the national government had applied $738 worth of human and physical resources to each child's education (i.e. $4,138.6 million ÷ 5.6 million).

Let us complicate the above simple case by assuming that Canada is a federal state with a national government and 10 provincial governments, each presiding over 10 provinces of widely varying size, resource endowment, wealth and income. Let us assume further that all of the amounts shown in the above example were raised by the provincial governments and that there was no direct federal contribution to elementary and secondary education. The table at the top of the next page shows that the same percentage of personal income (i.e. 6.24 per cent) raised and distributed by each province within its own borders results in a radically different distribution of funds per pupil than if the same amount had been raised and distributed by the national government. Spending per pupil on this basis would vary from $400 in Newfoundland to $866 in British Columbia.

Based on the earlier assumption that each child's individual needs can be met by the expenditure of an equal amount on each child throughout the country, it is apparent that one of the following two measures would be necessary in order to best pursue the goals of the Demand Side. Either there must be a redistribution of the above amounts among provinces so that each child will have $738 worth of resources applied to meeting his educational needs, regardless of province, or additional funds must be raised to ensure that each child receives resources equal in value to those applied to each child's education in the province which raised the highest amount, namely, $866. Either of these measures would require redistributive action by the federal government specifically for elementary and secondary education.

Let us assume that it was deemed to be in the national interest to pursue the second course and that the amount to be spent on each child's individual educational needs in each

Province	Enrolment (1970-71)	6.24% of Personal Income (1970)	Average Amount Per Pupil
		$millions	
Newfoundland	160,915	64.4	$400
Prince Edward Island	30,622	14.3	467
Nova Scotia	214,897	118.8	553
New Brunswick	175,912	88.4	503
Quebec	1,565,481[P]	1,044.3	667
Ontario	2,022,401	1,739.3	860
Manitoba	246,946	178.1	721
Saskatchewan	247,332	132.5	536
Alberta	423,922	310.1	732
British Columbia	518,043	448.4	866
Total	5,606,471[P]	4,138.6	$738

Sources: Enrolment Statistics Canada, Education Division, Advance Statistics of Education, 1972-73, Table 7.
Personal Income Statistics Canada, National Income and Expenditure Division, National Income and Expenditure Accounts, Historical Revision, 1926-1971, Table 35.

province was set at $900. Let us assume, further, that 6.24 per cent of personal income was set as a minimum level of provincial support beyond which the federal government would make an equalization grant equal to the difference between the provincial contribution per pupil and $900. In effect, such a program constitutes a federal foundation program based on $900 per pupil with a provincial effort equal to 6.24 per cent of total personal income.

On a national basis, $900 per pupil enrolled in elementary and secondary education in 1970 would have required $5,045.8 million. The provinces' share of this amount, 6.24 per cent of total personal income, would have been $4,138.6 million or 82.0 per cent of the total. The remaining $907.2 million or

18.0 per cent of the total program would have been made up of federal grants to the provinces averaging $162 per pupil.

From province to province, the federal share would have varied from 55.5 per cent of the total program in Newfoundland to 3.8 per cent in British Columbia. Details of federal grants to all provinces are shown in Table 3.

In order for the scheme to work, the federal government's equalization payments would have to be conditional on each province establishing that it had, in fact, raised school funds equal to 6.24 per cent of its total personal income. Secondly, it would be necessary for each province to establish that it had distributed its own and the federal supplement on an equitable basis. In this example, this would mean each province would have to establish that it had provided $900 worth of educational service to each child within its borders.

Within the simple framework just outlined it is possible to relax some of the earlier assumptions to produce a more realistic program. The first assumption to be relaxed is the one that each child requires the same dollar value of educational service to permit realization of educational potential. Secondary education costs more than elementary education and vocational secondary education is more expensive than other forms of secondary education. Secondly, some children at any given level of education require more educational service and hence more funds spent on them than others if they are to realize their full educational potential. Finally, the cost of providing the same educational service to a given child varies from place to place within and among provinces depending on a variety of geographical and economic factors.

One way around this problem, assuming that the underlying educational measurements could be made, is to develop a network of indices of fiscal need based on the cost of educational service required for children at different levels of schooling, suffering different degrees of economic disadvantage and mental or physical handicap and located in different places. Thus,

Table 3. Federal Equalization Grants Necessary to Provide $900 for Every Child Enrolled in Canada, 1970

Province	Foundation Enrolment x $900	Provinces' Share 6.24% of Personal Income	Federal Equalization Grant		
			Total (Col. 1 - Col. 2)	As A Percentage Of The Foundation	Per Pupil Enrolled
	$millions	$millions	$millions	%	$
Newfoundland	144.8	64.4	80.4	55.5	500
Prince Edward Island	27.6	14.3	13.3	48.2	433
Nova Scotia	193.4	118.8	74.6	38.6	347
New Brunswick	158.3	88.4	69.9	44.2	397
Quebec	1,408.9	1,044.3	364.6	25.9	233
Ontario	1,820.2	1,739.3	80.9	4.4	40
Manitoba	222.3	178.1	44.2	19.9	179
Saskatchewan	222.6	132.5	90.1	40.5	364
Alberta	381.5	310.1	71.4	18.7	168
British Columbia	466.2	448.4	17.8	3.8	34
Total	5,045.8	4,138.6	907.2	18.0	162

while the national average of cost per pupil would remain $900, the cost of educational resources might vary from $500 to $1500, depending on the characteristics of the child and where he was located.

The provinces would still each raise 6.24 per cent of total personal income but the federal government would have to base its equalization grants on the numbers of children in each category of educational need and the cost of resources required by that type of child and in that location. This would probably mean that the total amounts received by each province would vary to some degree from the amounts shown in the previous table.

The second major assumption which would have to be relaxed concerns the notion that all provinces should raise the same proportion of total personal income (e.g. 6.24 per cent) regardless of the level of economic well-being in the province as measured by personal income per capita. A more equitable procedure would be to apply a scale varying from perhaps, 4 to 6 per cent, depending on the level of personal income per person in the province concerned.

A Feasible Alternative

The above proposal was made in recognition that equality of opportunity for each child in Canada to achieve his educational potential would require, as a minimum condition, a joint effort of the provinces and the federal government, with the latter providing equalization grants. It is now proposed to discuss a second-best alternative which fully recognizes our constitutional and traditional limitations on federal direct involvement in financing elementary and secondary education and the trends discussed in Chapter 6. Specifically, it is assumed that the responsibility for initiating and implementing reform in methods of financing elementary and secondary education rests with the governments having constitutional responsibility in this field, namely, the provinces.

The best the federal government can do constitutionally to promote equality of educational opportunity among the provinces

is to increase its revenue equalizing grants to ensure each province per capita tax revenues equal to those of the highest provinces rather than simply the national average.

The most urgent need within most provinces is to free children's educational opportunities from the vagaries of property tax geography by provincewide financing of education. The period of most rapid growth in educational spending is now past and the importance of the property tax as a source of funds for elementary and secondary education has now fallen to less than 40 per cent of the total in Canada. The time is now right for making the property tax a provincial tax, where this has not already been done, and for the provinces assuming full responsibility for financing all elementary and secondary education from general revenues.[2] While it may continue to be necessary to support education with an equalized provincial property tax the final objective should be to free education from reliance on this overworked source of government revenue.

The property tax is a sound instrument for raising funds to pay for services of direct benefit to property but it has some serious weaknesses as a means of raising funds for education. The distribution of real estate holdings is neither closely related to ability to pay as measured by current income nor to the distribution of needs for elementary and secondary education. In addition, the property tax is inherently regressive with respect to income in the sense that low-income home owners typically pay higher proportions of their incomes in property taxes than do high-income home owners. It also discriminates against one type of asset and is often badly or capriciously administered.

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[2]There are still some jurisdictions where the power to impose local property taxes is still a significant element in school finance. In such situations, special arguments may be advanced for the retention of this power. These would seem, however, to be exceptions to the trend which is exemplified in such provinces as New Brunswick, Prince Edward Island and Alberta.

If the dominant goal of education is to give each child, regardless of any of the conditions which cause variations in educational needs, the kind of education necessary for him to achieve his full potential for an enjoyable and productive life then what is needed are arrangements which will enable each province to spend according to the programs needed, where they are needed and to pay the necessary cost differentials per unit of need regardless of ability-to-pay by locality. This goal is unattainable in the "free market" systems for providing education according to local tastes and abilities, albeit with equalizing aid, which now prevail in provinces containing the majority of Canada's population. Under a system of provincewide financing the necessary mobility of funds and real resources would at least be attainable. The greatest challenge to a fiscally centralized system is to ensure the high degree of decentralized decision-making and instructional flexibility necessary to ensure that these potentially mobile resources would, in fact, be effectively applied to meeting each child's individual educational needs.

Educational decision-making in a system of full provincial financing is a topic which requires separate study. It is appropriate, however, to note in conclusion two or three major alternative types of decision-making structure.

One possibility would be to retain the existing network of school districts and school boards and permit them to raise additional funds, within prescribed limits, above the standard provincially financed program. While the range of choices open to local boards would undoubtedly be more limited, these boards could act as focal points for local involvement in education and make recommendations to the department of education concerning educational matters. If school boards were permitted to raise additional funds above the standard provincially financed program, this might involve a surtax on either property or on personal income, perhaps subject to referendum. In order to permit the same degree of enrichment for the same degree of

effort among school boards with varying assessment or income per child it would be necessary for the province to equalize the yields on such voluntary levies.

It should be recognized that this alternative has an overriding weakness. Permitting any degree of local tax initiative would weaken the central purpose of provincewide financing, namely, to mobilize all of the resources available for education and deliver them to the children according to educational need.

A second major possibility for decentralized decision-making under full provincial financing is to retain local school boards but without the power to raise additional funds locally. Such an arrangement would provide greater scope for redrawing school district boundaries and for reconstituting school boards to serve primarily educational purposes rather than to fill financial requirements, as is the case at present. James B. Conant's proposal for retaining local involvement under a system of centralized funding has considerable merit.[3] Basically, Conant suggests that each reconstituted school board would determine and submit its "budget" or claim on total educational resources in terms of the staff and other real resources required to meet its educational needs rather than in terms of dollars. Boards would be entitled to varying numbers of teachers, support staff and physical resources according to such characteristics as percentages of handicapped and disadvantaged children. These local claims for real resources would be costed centrally according to local differences in prices and the cost of living.

A third possibility would be a total elimination of local school boards. Under such an arrangement, the schools would deal directly with the department of education through regional and/or district offices which would also provide focal points for contact and liaison with the community-at-large or

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[3]James B. Conant "Why Full State Funding Needn't Kill the Powers of Local School Boards" The American School Board Journal October, 1972, Vol. 159, No. 16 p. 23-26.

with special advisory bodies. If real educational needs were determined in the schools for direct submission to the department, it seems possible that there could be more scope for accurate diagnosis of educational needs, assessment of the resources needed to meet them and for immediate response to needs identified in the schools than under either of the other two alternative structures noted.

Among these three types of structure there exist many other possibilities for decentralized decision-making under provincewide financing. Some of these, it seems, could result in more rather than less decision-making being made in the schools, by teachers and principals, than takes place at present.

Interprovincially, the nature of Confederation which gave the provinces sovereignty over education makes it absolutely impossible to ensure equalization of educational opportunity among provinces without the kind of direct assistance noted earlier in this chapter as the "drastic" alternative. The best the federal government can do at present is to provide equalization of tax revenues per capita in all provinces. Under the present federal-provincial fiscal arrangements the federal government brings the per capita yield from twenty provincial-local sources of revenue, including local school taxes, up to the national average. Rather than grant further across-the-board abatements of tax points to all provinces, the goals of education identified in Part I of the Project would be better served interprovincially if the federal government used its own share of these tax fields to ensure each province per capita tax revenues from these twenty sources equal to those of the highest province. The federal government would then have done everything constitutionally possible to ensure equality of educational opportunity. It would have equalized the fiscal capacities of all provinces. Each province would then be equally able to give each child within its borders, regardless of circumstance, the kind of education necessary to achieve his full potential, if it so desired and in whatever manner it

deemed appropriate. Such a step would also enhance the ability of most provinces to provide comparable standards of all other public services as well as education. In view of the presumed complementarity of spending on all social services discussed earlier, this measure might, in the long run, result in more effective equalization of educational opportunity among children in different provinces than federal equalizing grants made specifically to meet educational needs.

EPILOGUE

NORMAN M. GOBLE

EPILOGUE:
WHAT PRICE UTOPIA?

"Any undertaking," says the Faure Report[1] "which aims at changing the fundamental conditions of man's fate necessarily contains a utopian element... but it is not utopian when it seems to conform not only to the present-day world's fundamental needs and major evolutionary direction, but also fits many phenomena emerging almost everywhere... Moreover...there is no good strategy without a utopian forecast, in the sense that every far-reaching vision may be accused of utopianism. For if we wish to act resolutely and wisely, we must aim far."

The children now entering the school system will be voting citizens twelve years from now. Those who survive will still be voting citizens fifty and sixty years from now. This is the simple, literal fact at the heart of all our dilemmas: we are starting to prepare the life-pattern of those who will inhabit the mid-21st century. And all that we know or can guess about the world they will live in is that it will be radically, unimaginably different from ours. It must needs be, because the nature of <u>our</u> world could in no way have been foreseen 50 years ago, and the

[1]Unesco, <u>Learning to Be</u> (Paris: Unesco-Harrap, 1972).

rate of change has immensely accelerated. In effect, our children can expect to live a series of lives in a series of different worlds. It must needs be, also, because if their world is not unlike ours it will not exist. The lines of development that have taken us to this point can take us no further except to catastrophe: radical change is a condition of survival.

We are required, in short, to prepare people to be successful, autonomous inhabitants of -- and decision-makers in -- a world beyond our imagining.

But not beyond theirs; for whatever comes about, for good or for ill, for their salvation or for their destruction, will be of their making, of their devising.

It is in the light of these facts that we have examined present thinking about the purposes of public education in Canada, and the present mechanisms for financing it. Three salient facts have emerged from the long process of inquiry. The first is that there is a widespread awareness of the need for a rapid and effective transition from the custodial, credential, selective and indoctrinating functions of education, which it has in any case ceased to perform effectively. There is need for a change from a schooling which is evaluated by specific outputs, measured quantitatively by success in memorizing existing knowledge and assessed qualitatively by success in perpetuating a value system, to an education that liberates creative potential, teaches compassion as an ethical absolute, and offers the possibility of life-long self-renewal through learning.

The second is that public authorities are not yet ready to accept, as a legitimate charge, the cost of financing a system that has no specific, predictable terminal point. When man is set free to dream, to create, to invent, no one can predict the outcome: but predictability in quantifiable outcomes is the essence of accountability as now understood.

The third is that the political institutions and fiscal mechanisms of Canada are such as to make the task of change even

more extraordinarily difficult than it might have been in another context.

It is not only in Canada that those who have to plan the kind of schooling that our children need find themselves entangled in the web of the past. There endures everywhere the concept of public education as a domestic and domesticating service -- the process by which the new human input is smoothly integrated into existing society. It is difficult, everywhere, to convince governments that the present crisis of man demands that, for the public good, the liberating, transforming effect that has always been an incidental (even accidental) outcome of schooling should now be embraced as its major goal.

What is peculiar to Canada, though, is that the political process of obtaining the necessary change of purpose, and of maintaining the necessary priority of educational goals among other public purposes, must be pursued in a system that assigns almost total sovereignty in education, within one nation, to ten separate governments -- governments of regions that have nothing in common as to size, population, economic resource, burden of need, or territorial or demographic cohesiveness; governments that have nothing in common as to capacity for research, for planning or for systems development, or as to proximity to the governed; nothing in common save only the fact of their equal sovereignty. The territories they govern are outlined with no respect for the natural flow of economic or cultural forces, communications or population movements, nor for the actual shape or extent of identifiable areas of common economic, cultural or geographic character, nor for any principle of rationality in the delegation of administrative responsibility. Canada's politics defy its geography and deny its history -- and dominate its educational development.

These are the facts.

As for Utopia, it is plainly describable. Prescribed, with regular unanimity, is a Canada in which every child, wherever he may live, will have not only equal access to, but an equal

chance of success in, a school that assists his personal orientation to life, teaches him a deep concern for humanity, and assures him of effective preparation for the work that he wishes to undertake. It would be a school in which the tools of measurement assess real outcomes, continuously, in terms of personal development, and which, in a setting of freedom, diversity and flexibility, provides for the progressive assumption of responsibility. Sharing its resources with the larger community -- the world of life and work and leisure -- and working in coordination with the other agencies concerned with the well-being of people, the school would offer lifelong facilities for the individual to learn what he needs to learn, at the time and in the manner that suit his needs and abilities.

The technology already exists to minimize the handicaps of geographical location. The administrative skills already exist to devise and develop the models and designs of appropriate systems. The diagnostic skills exist to pin-point the locations -- inner city or remote wilderness -- where resources need to be focussed to overcome initial disadvantage (a disadvantage that would already be much less sorely felt if the curriculum and the school program were less tightly bound by the need to satisfy artificial criteria of "success").

The cost, in money, may put the ideal out of present reach, because the changes required are enormous in scope. The cost of substantial progress towards the ideal is not, however, beyond our national means. A country that can sustain such vast industries of luxury and leisure, such a level of frivolous expenditure, can afford a higher level of investment in the public good than it makes at present. It is much more to be doubted, in fact, that it can afford the ultimate cost of its present retreat from educational improvement, or the continued squandering of wealth on so many of the follies which are entered on the credit side of the G.N.P. ledger.

But the main power to tax does not lie where the power to spend exists. In education it is forbidden to Canadians to make

decisions for Canada. If their Government, unbidden (since their Parliament may not discuss the matter), were to decide that the need justifies investment in the cost of change, on the administrative scale necessary both for equity and for an effective technology, it could act only through unconditional transfer of funds; and so the matter would have to be debated and decided afresh for each of the several provinces.

If there is to be a nation of Canada, we must assume, with more conviction than we have yet displayed, an identity of major purpose, of principle and ideal, for all Canadians. Within that identity there is room for wide diversity of interest, talent and taste. There is also the fact of wide difference in initial competence. Common sense and equity, therefore, both suggest the highest possible degree of local, and even personal, freedom of choice. Equity, however, also requires such centralization of financing and of sovereignty as makes possible a constant effort of equalization and redistribution; for equality, like peace, can never be ensured except within one jurisdiction.

Reason, then, leads us to certain conclusions about the kind of division of powers between central and local jurisdictions that would best serve avowed needs. Nevertheless, it remains a political fact that the Canadian constitution places sovereignty, divided, at a level in the political scheme that is neither central nor local, but which may, in fact, in random variation across Canada, have the characteristics of either in relation to its subjects.

The price of Utopia has to be calculated in terms of money, political strain or social disquiet. In any terms, it may be costly: but possibly less costly than the alternative.

It is paradoxical but true that whatever social system emerges in the unknowable future must of necessity be less alien to the nature of man, and therefore, in the truest sense, more familiar, than that in which we now live -- for it is clear that the subservience of man to his own creations, and his consequent alienation from his own institutions, is the central problem of

our time. The sooner we arrive at that moment of reconciliation, the better it will be. The pressing question is whether, in the interim, we are doomed to follow, with our customary fidelity, the trail blazed by our neighbours across the border. Must we follow urban America into the shame and agony that Galbraith has described as the state of "private wealth and public squalor"? Must we lose the classic race between education and catastrophe before we realize how vital it was to win? Must we always, like Creon in the Antigone, come too late to wisdom in our old age, or dare we hope that Canadians will find the ingenuity and the resolve to act in time, to resolve the dilemmas that this study has posed, and to make of the school not a place of bondage to the past but an instrument for the liberation of the future?